

Rita's Franchise Company

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FRANCHISE DISCLOSURE DOCUMENT

RITA'S WATER ICE FRANCHISE COMPANY, LLC
A Limited Liability Company
1210 NORTHBROOK DRIVE, SUITE 310
TREVOSE, PA 19053
1-800-677-7482
www.ritasice.com



The franchise offered is a business format franchise for a retail shop offering to the public Franchisor's Italian ice and other approved menu items including soft pretzels and Rita's Old Fashioned Custard frozen custard under the trade name "RITA'S ICE-CUSTARD-HAPPINESS".

The total investment necessary to begin operation of a Rita's franchised business is between \$140,200 and \$379,400. These figures include \$30,000 that must be paid to the franchisor or its affiliate. The total investment necessary to begin operation of an Express Rita's franchised business is between \$100,200 and \$194,900. These figures include \$15,000 that must be paid to the franchisor or its affiliate.

If you enter into an agreement for a Rita's franchised business you will have the opportunity to enter into an agreement to operate a Fixed Location Satellite Unit or a Mobile Satellite Unit. The total investment necessary to begin operation of a Rita's Fixed Location Satellite Unit is between \$83,300 and \$169,450. These figures include \$15,000 that must be paid to the franchisor or its affiliate for the Fixed Location Satellite Unit Agreement. If you chose to operate a Mobile Satellite Unit the total investment necessary is between \$20,900 and \$120,300. These figures include \$10,000 that must be paid to the franchisor or its affiliate for the Mobile Satellite Unit Agreement.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Rita's Water Ice Franchise Company, LLC, Franchise Department, at 1210 Northbrook Drive, Suite 310, Trevoese, PA 19053 and (800) 677-7482.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire 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 "[Buying a Franchise, A Consumer Guide](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: March 27, 2013 (See the State Effective Dates for the effective date in your state)

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 of the disclosure document for information about the franchisor, or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENTS REQUIRE YOU TO ARBITRATE WITH US ONLY IN THE CITY NEAREST TO OUR PRINCIPAL PLACE OF BUSINESS. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO ARBITRATE IN PENNSYLVANIA (OR ANOTHER STATE) THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENTS STATE THAT PENNSYLVANIA LAW GOVERNS EACH AGREEMENT, AND THESE LAWS MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. IF AN ARBITRATOR WOULD NOT HAVE JURISDICTION WITH RESPECT TO ANY CLAIM YOU MAY HAVE OR A CLAIM CANNOT BE ARBITRATED AS A MATTER OF LAW, BOTH THE FRANCHISE AGREEMENT AND MULTIPLE SHOP DEVELOPMENT AGREEMENT REQUIRE YOU TO SUE US ONLY IN PHILADELPHIA COUNTY, PENNSYLVANIA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO LITIGATE IN PENNSYLVANIA (OR ANOTHER STATE) THAN IN YOUR HOME STATE.
4. 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 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 attached list of state effective dates.)

State Effective Dates

STATE	EFFECTIVE DATE
California	December 24, 2012
Florida	_____, 2013
Hawaii	_____, 2013
Illinois	_____, 2013
Indiana	March 27, 2013
Maryland	April 4, 2013
Michigan	_____, 2013
Minnesota	_____, 2013
New York	_____, 2013
Rhode Island	April 3, 2013
Utah	October 11, 2012
Virginia	_____, 2013
Washington	_____, 2013
Wisconsin	March 29, 2013

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Exhibits

A	List of State Administrators
B	List of Agents for Service of Process
C	Table of Contents of System Manuals
D	List of Franchisees and Stores Closed in Prior Year
E	Financial Statements/ Corporate Guaranty
F	Rita's Water Ice Franchise Agreement (with Exhibits A-H)
G	SBA Addendum to Franchise Agreement
G-1	Rita's Water Ice Mobile Satellite Unit Addendum
G-2	Rita's Water Ice Fixed Location Satellite Unit Agreement
G-3	Rita's Water Ice Express Unit Agreement
H	Release Agreement
I	Big Cup Financing Promissory Note
J	Loan Agreement with Promissory Note and Security Agreement
K	Franchise Disclosure Questionnaire
L	State Addendum
M	Receipt (duplicate)

Item 1: The Franchisor and any Parents, Predecessors, and Affiliates

To simplify the language in this disclosure document “Rita’s” refers to Rita’s Water Ice Franchise Company, LLC, the franchisor. “You” refers to the franchisee or developer who enters into a franchise agreement and/or development agreement. The franchisee or developer, may be a person, corporation, partnership, or limited liability company. If the franchisee or developer is a corporation, partnership or limited liability company, “you” does not include the principals of the corporation, partnership or limited liability company. “Shop” refers to a standard Rita’s store, an Express Unit and a Satellite Unit.

The Franchisor, Its Predecessors and Affiliate

Rita’s Water Ice Franchise Company, LLC, which also trades under the name Rita’s Franchise Company, is a Delaware limited liability company formed in April 2005. The trade name was adopted in January 2009. Rita’s is the successor to Rita’s Water Ice Franchise Corp., which operated the Rita’s Water Ice business, founded in 1984. Rita’s does business under its company name and under the trade name “RITA’S ICE-CUSTARD-HAPPINESS”, and maintains its principal business address at 1210 Northbrook Drive, Suite 310, Trevoise, Pennsylvania 19053.

Rita’s grants a franchise for the right to establish and operate a retail food service shop featuring Italian ice and other frozen confections and approved menu items under the Proprietary Marks and System described below (the “Shop”). Rita’s also grants franchises for other types of locations, such as Mobile Satellite Units, Express Units and Fixed Satellite Units. Rita’s has operated a business of the type being franchised in this disclosure document since our acquisition of the Rita’s Water Ice business in May 2005. Rita’s has never engaged in any other business activity nor offered franchises in this or in any other lines of business.

On November 30, 2011 Rita’s was acquired by Rita’s Holdings, LLC, a Delaware limited liability company (“Rita’s Holdings”). Rita’s Holdings maintains its principal business address at 1210 Northbrook Drive, Suite 310, Trevoise, Pennsylvania 19053. Rita’s Holdings Guarantees our obligations under our franchise agreements.

Since 2006, an affiliate, Rita’s Water Ice Real Estate Company LLC, a limited liability company, (“RWIREC”), has, in certain instances, provided construction and development services to Rita’s franchisees. RWIREC maintains its principal business address at 1210 Northbrook Drive, Suite 310, Trevoise, Pennsylvania 19053. RWIREC has never operated a business of the type being offered in this disclosure document, or offered franchises in this or any other line of business.

Since 2012, an affiliate, Rita’s Gift Card Company, LLC, a limited liability company, (“RGCC”), has handled the administration of the Rita’s gift card program. RGCC maintains its principal business address at 1210 Northbrook Drive, Suite 310, Trevoise, Pennsylvania 19053. RGCC has never operated a business of the type being offered in this disclosure document, or offered franchises in this or any other line of business.

As of January 1, 2013, an affiliate, Rita’s International Franchise Company LLC, a limited liability company (“RIFC”), was formed to be party to all Franchise Agreements with franchisees of Rita’s Water Ice Shops at international locations. RIFC maintains its principal business address at 1210 Northbrook Drive, Suite 310, Trevoise, Pennsylvania 19053. RIFC has never operated a business of the type being offered in this disclosure document, or offered franchises in this or any other line of business.

Rita's agents for service of process are disclosed in Exhibit B.

Our Predecessor

Our predecessor, Rita's Water Ice Franchise Corp. ("Predecessor"), was a Pennsylvania corporation incorporated in May 1989. On May 3, 2005, our Predecessor and its affiliates were merged into Ice Acquisition, LLC, which then changed its name to Rita's Water Ice Franchise Company LLC. Our Predecessor did business under its corporate name and under the trade name "RITA'S ICE-CUSTARD-HAPPINESS", and maintained its principal business address at 1210 Northbrook Drive, Suite 310, Trevose, Pennsylvania 19053. Our Predecessor never operated a business of the type being franchised in this disclosure document. Affiliates of our Predecessor had operated a business of the type offered in this disclosure document from 1984 up to the date of the merger, in Andalusia, Pennsylvania. Rita's Properties, Inc. (f/k/a Rita's Water Ice, Inc.) operated the business from 1984 until August 2003, at which time the business was transferred to Rita's Operations, Inc. Our Predecessor offered franchises of the type being offered in this disclosure document from May 1989 through April 2005. Our Predecessor never engaged in any other business activity nor offered franchises in any other lines of business. The historical information in this disclosure document for periods before the date of the merger was provided by our Predecessor.

Description of the Franchised Business

The Franchise Agreement. Under the Rita's franchise agreement ("Franchise Agreement"), you will have the right to establish and operate a single Shop in a building at an approved location using Rita's Proprietary Marks and System, described below. You will operate the Shop using a unique and distinctive trade name and business format (the "System") as Rita's specifies in the Franchise Agreement and in the System Manuals ("System Manuals"). If you meet certain criteria, Rita's also offers the opportunity to operate a mobile satellite unit supported by the Shop such as a push cart, trailer or truck which sells a limited, approved menu of items prepared at your Rita's Shop utilizing Rita's formulas and methods for preparing Italian ice and other approved products (the "Mobile Satellite Unit"). The product purchased for use in connection with the Mobile Satellite Unit will count towards your royalty and other obligations under the Franchise Agreement. There is an additional fee that must be paid to Rita's to operate a Mobile Satellite Unit. The fee for the Mobile Satellite Unit offers the opportunity to operate up to three Mobile Satellite Units. Rita's does not offer the opportunity to operate a Mobile Satellite Unit to any party that does not operate a Shop or is not in full compliance with their Franchise Agreement. Should you desire to operate a Mobile Satellite Unit, you will need to execute the Mobile Satellite Addendum to your Franchise Agreement.

The Fixed Location Satellite Unit Agreement. Rita's also offers to existing franchisees who operate a Standard Rita's Shop the opportunity to establish and operate an additional selling point supported by the Shop at a fixed location (the "Fixed Location Satellite Unit") under a Fixed Location Satellite Unit Agreement (the "Satellite Unit Agreement"). The Fixed Location Satellite Unit is supported by the Shop's production capability and will sell an approved menu utilizing Rita's formulas and methods for preparing Italian ice and other approved products. You are not eligible to operate a Satellite Unit unless you are in full compliance with your Franchise Agreement and any other agreements with Rita's. There is an additional fee that must be paid to Rita's to enter into a Fixed Location Satellite Unit Agreement. Rita's does not offer the opportunity to operate a Fixed Location Satellite Unit to any party that does not operate a Standard Shop and is not in full compliance with their Franchise Agreement.

The Express Unit Agreement. Rita's also offers the opportunity to establish and operate a Shop in a unique location which, due to a number of possible reasons, may not offer the full menu of

Proprietary Products sold at a Shop (the “Express Unit”) under an Express Unit Agreement (“Express Unit Agreement”). The Express Unit will be self-contained with a production area and will sell an approved menu utilizing Rita’s formulas and methods for preparing Italian ice and other approved products.

Area Developers. Although not a franchise, Franchisor may also offer area developer rights pursuant to area developer agreements granting the exclusive right to act as Franchisor’s authorized Area Developer for sales and development solely within the territory granted under the area developer agreements. Currently, Franchisor has authorized Area Developer’s in LA County, CA, Orange County, CA, San Diego, CA, San Gabriel, CA and the state of Utah. In some cases, Area Developers or their affiliates may become franchisees and acquire and operate Rita’s locations inside their Area Developer territory.

The Franchise Agreement, Satellite Unit Agreement and Express Unit Agreement may be collectively referred to herein as the Franchise Agreements.

Rita’s System. Rita’s System is distinguishable from other business formats by its distinctive characteristics including design and appearance specifications, uniform standards, specifications and procedures for operations, equipment, inventory and staffing, the quality and uniformity of the products and services, such as freshness standards, employee training and assistance, and its advertising and promotional programs. You will operate all of your Rita’s operations under certain trade names, service marks, trademarks, trade dress, logos, emblems and indicia of origin, including the mark “Rita’s Ice-Custard-Happiness”, and other trade names, service marks, and trademarks which Rita’s now designates, or may designate in the future, for use in connection with the System (the “Proprietary Marks”). You will offer and sell Italian ice, frozen custard, gelati, Misto shakes, Blendinis, and other products which are made from unique and original formulae, trade secrets, quality standards and specifications and which are prepared from proprietary and/or approved mixes (collectively “Proprietary Products”).

Market and Competition. The general market for retail businesses featuring frozen confections is well developed and competitive. The number of restaurants and stores offering frozen confection products has increased recently and is expected to continue to increase rapidly. The Shop will be competing against other national and local businesses featuring Italian ice, frozen custard and other frozen confections, such as ice cream and frozen yogurt, as well as supermarkets, convenience stores and fast food restaurants which offer similar items and services to the general public. The Shop may also compete against other Rita’s locations or points of distribution. The food service business is highly competitive in price, service, business location, and food quality, and is often affected by changes in consumer tastes, economic conditions, population and traffic patterns.

The retail sale of Italian ice and frozen confections may experience sales levels that are sensitive to local weather conditions and temperature. Shops located in enclosed malls may be less affected by these conditions, but may still experience seasonal trends. Rita’s retains the right, in its sole discretion, to permit franchisees to operate from March through October or to require franchisees to remain open 12 months of the year depending on the market and location of the Shop. Rita’s currently anticipates that this would include new franchisees, transferee franchisees and renewing franchisees operating Shops in areas that Rita’s has designated in the Manual or otherwise in writing as seasonal locations.

Industry-Specific Laws and Regulations. Your Shop will be subject to various federal, state and local laws, and regulations affecting the Shop, including state and local licensing, zoning, land use, construction and environmental regulations and various health, sanitation, safety and fire standards affecting the Shop. The operation of your Shop may require a license for preparing and serving food on-premises. Various state and local laws may require the testing of products sold at your Shop on a periodic

basis, either in the Shop or at an outside laboratory. Your Shop will be subject to state and local employment laws, such as the Fair Labor Standards Act and various state laws governing matters such as minimum wages, overtime and working conditions. Your Shop must also comply with local fire codes. Your Shop will also be subject to other laws or regulations that are not specific to the industry, but apply to businesses generally.

Item 2: Business Experience

President and Chief Executive Officer Jonathan Fornaci

Jonathan Fornaci was appointed President and Chief Executive Officer on December 14, 2011. Before joining Rita's, he was President and Chief Executive Officer of Straw Hat Restaurant, Inc. in San Ramon, CA from December 2007 until December 2011.

Chief Financial Officer: Robert Guthmann

Robert Guthmann has been Chief Financial Officer since December of 2010. Prior to his current position, Mr. Guthmann was Vice President of Finance from January 2007 until December of 2010.

Vice President of Development: Brian Carlisle

Brian Carlisle has been Vice President of Development since October 2007.

Senior Vice President of Operations: Lauriena Borstein

Lauriena Borstein was appointed Senior Vice President of Operations on January 4, 2012. Previously she had been Director of Franchise Development since March 2010. She was previously Manager of Franchise Development from July 2007 until February 2010.

Senior Vice President of Franchise Sales: Scott Schubiger

Scott Schubiger has been Senior Vice President of Franchise Sales since February 1, 2012. Before joining Rita's, Mr. Schubiger was an Independent Franchise Consultant for Keller Williams from 2011 through 2012. From 2010 through 2012, Mr. Schubiger was a Sales Director at Hewlett Packard. From 2005-2009 Mr. Schubiger was the Senior Vice President of Membership Development and International Development for Cendant Corporation now Realogy Corporation.

Senior Vice President of Marketing: Laura Lazar

Laura Lazar has been Senior Vice President of Marketing since November 5, 2012. Before joining Rita's, she was a Brand Activation and Sales Manager with Burger King Corporation from July 2008 through December 2011. From 2002-2006 she was with Tracey Locke Partnership where she managed advertising and promotion for Pepsi-Cola's Mid-Atlantic Region.

Managing Member, Executive Chairman and Secretary of Rita's Holdings, LLC:
Thomas Christopoul

Thomas Christopoul has been a managing member and Chairman of Rita's parent since November 30, 2011. Mr. Christopoul has been an Operating Partner at Falconhead Capital since October 2009 and currently serves as Executive Chairman of GPSi Holdings. Prior to joining Falconhead, he was President and Chief Executive Officer of Resources Global Professionals from June 2007 through August 2009.

Managing Member, Vice-Chairman of Rita's Holdings, LLC: James A. Rudolph

James A. Rudolph has been has been a managing member and Vice-Chairman of Rita's parent since November 30, 2011. Prior thereto, he had served as Rita's Chief Executive Officer and Chairman of the Board since April 2005.

Managing Member of Rita's Holdings, LLC: David Moross

David Moross has been a managing member of Rita's parent since September 2012. Mr. Moross is currently Chairman & CEO of Falconhead Capital which he founded in 1998.

Managing Member of Rita's Holdings, LLC: Michael Lorelli

Michael Lorelli has been a managing member of Rita's parent since September 2012. Mr. Lorelli is presently CEO of WaterJel Technologies, the global leader in burn care products. He has held this position for the past 13 years.

Managing Member of Rita's Holdings, LLC: William Powers, Jr.

William Powers has been a managing member of Rita's parent since September 2012. Mr. Powers has been president of The University of Texas at Austin since 2006.

Managing Member of Rita's Holdings, LLC: Jason Turowsky

Jason Turowsky has been a managing member of Rita's parent since November 30, 2011. Mr. Turowsky joined Falconhead Capital in 2003 and is involved in evaluating, sourcing and executing new investment opportunities as well as monitoring existing portfolio companies.

* * *

Unless otherwise indicated, the individuals listed in this Item are employed by Rita's in Trevoze, Pennsylvania.

Item 3: Litigation

Pending Actions

Dicecco v. Rita's Water Ice Franchise Co., LLC and PNC Bank, N.A., Case No. GD-08-25471 (Court of Common Pleas, Allegheny County, Pennsylvania). On April 1, 2009, Rita's was served with a complaint filed by Stephen Dicecco, a former Rita's franchisee ("Plaintiff"). Plaintiff alleged that Rita's breached the Franchise Agreement and breached its duties of good faith and fair dealing by failing to

provide assistance to Plaintiff in connection with the 2 franchised businesses he purchased from Rita's. Plaintiff also alleged that Rita's engaged in fraud and conspired with PNC Bank, which provided financing to Plaintiff, by providing false and misleading information relating to the franchise. Plaintiff seeks compensatory and punitive damages in an unspecified amount in excess of \$25,000. The matter has been consolidated in the Court of Common Pleas, Chester County, Pennsylvania, Case No. 08-08070. Rita's has answered the complaint, and counter claimed. In January 2010, Rita's obtained a default judgment against Dicecco for \$271,007.92 on Rita's counterclaim which Dicecco failed to answer. Dicecco has sought to vacate the default and Rita's will not oppose the motion.

Prior Actions

Dorothy Hay and Jeffrey Hay v. Rita's Water Ice Franchise Company, No. 4706 Civil 2012. On June 11, 2012 Plaintiffs, former Rita's franchisees, filed a Complaint against Rita's Water Ice Franchise Company, LLC in the Court of Common Pleas of Monroe County, Pennsylvania. Plaintiffs alleged breach of contract and fraud for Rita's failure to approve a site for and permit Plaintiff to proceed with the operations of a Rita's Shop. Plaintiff's sought judgment in the amount of \$75,000. Defendant filed Preliminary Objections to Plaintiff's Complaint objecting to the Complaint on the grounds that the contract contained a compulsory arbitration provision, improper venue and legally insufficient claims. By Order dated September 20, 2012 Defendant's objection was sustained and the Complaint was dismissed.

Schneider v. Rita's Water Ice Franchise Co., LLC, Case No. 14-114-Y-00233-08 (American Arbitration Association). On January 28, 2008 Claimant Paul Schneider, a former Rita's franchisee, filed a demand for arbitration against Rita's Water Ice Franchise Co., LLC with the AAA in Philadelphia, PA. Claimant alleged that Rita's violated certain provisions of the New York Franchise Sales Act and engaged in fraud and misrepresentation by failing to make certain disclosures in a timely fashion and by providing false or misleading information relating to the franchise. Claimant sought damages in the amount of \$575,000. Rita's denied that it engaged in any unlawful or wrongful conduct. In March 2008, Rita's filed a counterclaim against Claimant based on his breach of the Franchise Agreement and his failure to make payments required under the Franchise Agreement. In its counterclaim, Rita's sought damages in the approximate amount of \$210,000. A hearing was held before the AAA in December 2009. On January 22, 2010, the Arbitrator rendered an award of \$483,000 including attorneys' fees in favor of the Claimant. On January 26, 2010, Rita's filed a complaint in the Court of Common Pleas of Philadelphia, Pennsylvania, January Term, 2010, No. 2940 seeking to vacate the award and to enforce a previously obtained judgment for \$464,998.43 against Claimant's company, Ahrkett Corporation, against Claimant under alter ego and veil piercing theories. The parties entered into an agreement in April 2011 settling all claims between them whereby Rita's has agreed to make payment on the Claimant's claim and both parties release and hold each other harmless from any further claims related to the New York franchise relationship.

Rita's Water Ice Franchise Co. v. Autumn Lane, LLC, Minguan Zheng, Ying Guo, and Ping An, Case No. 14-114-00678-08 (American Arbitration Association). In April 2008, Rita's filed a demand for arbitration with the American Arbitration Association against former franchisees, Autumn Lane, LLC, and its owners, Minguan Zheng, Ying Guo, and Ping An (collectively "Respondents") to recover approximately \$80,000 in amounts due and owing to Rita's. On May 23, 2008, Respondents filed a counterclaim alleging breach of contract, unjust enrichment, breach of duty of good faith and fair dealing, negligence, and breach of fiduciary duty. Respondents' claims are based on allegations that Rita's failed to provide material information in connection with the sale of the franchise and that Respondents did not receive adequate support during the term of their Franchise Agreement. Respondents seek monetary damages in the amount of \$428,000 and attorney's fees and costs. Rita's contested Respondents' allegations. A hearing was held in October and November, 2009. In December 2009, the Arbitrator

awarded zero damages to each party and concluded that neither party is deemed to be the prevailing party. The Arbitrator also concluded that the administrative fees and expenses for the Arbitrator should be borne equally by the parties.

RPC Ice, LLC, Robert Carrington, and Paige Schwarz v. Rita's Water Ice Franchise Co., LLC, Case No. 14-114-00261-08 (American Arbitration Association). On February 6, 2008, Claimants RPC Ice, LLC, Robert Carrington, and Paige Schwarz (collectively "Claimants") filed a demand for arbitration against Rita's Water Ice Franchise Co., LLC with the American Arbitration Association ("AAA") in Philadelphia, PA. RPC Ice, LLC, a Rita's franchisee, and its principals alleged that Rita's violated the New York Franchise Sales Act and engaged in fraud by failing to include information concerning historical or potential earnings for mall franchises within its UFOC, providing false or misleading information to claimants regarding potential earnings, by providing false information relating to the "waste" factor that franchisees could expect, and by making false and misleading representations relating to the mall franchise purchased by claimants. Claimants also allege that Rita's breached the franchise agreement, area development agreement, and asset purchase and sale agreement (collectively "Agreements") by failing to obtain certain approvals and by not providing support services. Claimants sought to rescind the Agreements and to recover \$490,000 in damages. Rita's contested Claimants' allegations and filed a counterclaim for approximately \$235,000 for amounts due under the Franchise Agreement. In September 2008, the parties reached a settlement agreement in which Rita's agreed to buy back claimants' interest in the franchise agreement and development agreement and their equipment for \$200,000. The matter is now closed.

Arellano and Wong v. Rita's Water Ice Franchise Co., Case No. 14-114-F-01379-07 (American Arbitration Association). On August 17, 2007 Claimants Jerry Wong and Abelardo Arellano (collectively "Claimants") filed a demand for arbitration against Rita's Water Ice Franchise Co., LLC with the AAA in Philadelphia, PA. Claimants had executed a Franchise Agreement and Development Agreement with Rita's. Claimants alleged that Rita's failed to offer them the right of first refusal for a location within their development area and sought rescission of the Development Agreement and return of the \$43,500 in fees they paid to Rita's. Rita's disputed the claims on the basis that Rita's had no obligation to extend a right of first refusal to Claimants for the location at issue, Claimants indicated that they had no interest in the location, and Claimants filed the demand for arbitration because it effectively sought to avoid their obligations under the Development Agreement. On March 21, 2008, the AAA issued an award in this case. The Arbitrator denied the Claimants' claim for \$43,500, extended the Development Agreement so that Claimants could satisfy the development schedule, and concluded that Rita's could not authorize a lease or lease a Rita's location which contains any provisions that prohibit any other Rita's Shop in Cranford or Kenilworth, New Jersey up to and including July 31, 2009. The Arbitrator's award states that neither party is deemed to be the prevailing party. The Arbitrator also concluded that the administrative fees and expenses for the Arbitrator should be borne equally by the parties.

Franchisor has not initiated any lawsuits against franchisees during fiscal year 2012.

Other than the actions listed above, no litigation is required to be disclosed in this Item.

Item 4: Bankruptcy

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

Item 5: Initial Fees

Initial Franchise Fee. You must pay to Rita’s a \$30,000 non-refundable initial franchise fee for a single Shop or \$15,000 non-refundable initial franchise fee for an Express Unit (both fees are referred to as “Initial Franchise Fee”) when you sign the Franchise Agreement or an Express Unit Agreement. You must pay a \$15,000 non-refundable initial franchise fee for a Fixed Location Satellite Unit or \$10,000 non-refundable fee for three Mobile Satellite Units. The Initial Franchise Fees are uniform as to all franchisees purchasing a single Shop, Satellite Unit or an Express Unit. While the initial Franchise Fees are generally uniform, Rita’s reserves the right to reduce the Initial Franchise Fee and to negotiate alternative fee arrangements with institutional franchisees or franchisees in unique locations.

Rita’s is a member of the International Franchise Association (“IFA”) and participates in a minority program sponsored by the IFA. The IFA’s Veterans Transition Franchise Initiative, which provides special financial incentives to qualified veterans who have been honorably discharged. We offer qualified franchise candidates a 50% reduction in the Initial Franchise Fee for their first Shop. The applicable veteran must own 51% or more of the assets of the franchised business or of the business entity that is the franchisee. Rita’s reserves the right to cancel or modify this program at any time. During the 2012 fiscal year, Rita’s sold 4 franchises with the veteran’s discount.

Inventory and Advertising. Before the Shop opens, you must purchase from Rita’s and our designated suppliers an initial inventory of products, accessories, inventory and supplies prescribed by Rita’s. You will be required to purchase approximately \$3,700-\$10,500 in inventory from Rita’s, depending on the type of Shop you open. You must also purchase a Rita’s “Ice Guy” costume from Rita’s at the cost of approximately \$975 as part of your grand opening advertising and promotion obligations. You will also be required to contribute approximately \$10,000-\$20,000 for a media and marketing promotion provided by Rita’s on your behalf that may include broadcast and print advertising as recommended by Rita’s for the Shop’s grand opening. The cost of the promotion and media included shall be determined by Rita’s and may vary depending on the size and location of the market where the Shop is located.

Item 6: Other Fees

OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty	6.5% of estimated sales and/or Gross Sales	Upon purchase of mix and/or monthly	See Note 1
Grand Opening Advertising	\$0 to \$20,000	Between 60 days before opening and 30 days after opening	See Note 2
Advertising Fee	3.0% of estimated sales from Rita’s Mixes, plus 3.0% of Gross Sales	Upon purchase of mix	See Note 3
Minimum Advertising Expenditure	2% of Gross Sales (subject to annual increase)	Weekly	See Note 4

First Day of Spring Ice Give-Away	Actual cost of ice given away	1st day of Spring	See Note 5
Rita's Advisory Council Fee	Currently none, but we reserve the right to impose a fee in the future	Not applicable	See Note 6
Site Selection	\$100 - \$1,000	If incurred; before opening	See Note 7
Replacement Fee for System Manuals	\$500 - \$1,500 (\$500 for each manual)	When incurred	See Note 8
Website Hosting Fee	Then-current fee; currently, \$0	When billed	See Note 9
Overdraft Fee	Then-current fee; currently, \$50 for each insufficient payment	When Incurred	See Note 10
Relocation Fee/Rita's Lost Profits During Relocation	\$2,500; Royalty Fees and Advertising Fees for the period of time your Shop is closed during relocation	Time of Relocation	See Note 11
Transfer	Up to 50% of then-current franchise fee for transfer of Franchise Agreement	Time of Transfer	See Note 12
Insurance	Amount of Insurance and Rita's procurement expense	When Incurred	See Note 13
Renewal	Up to 50% of then-current franchise fee	Before Renewal	See Note 14
Hold Harmless and Indemnification	Amount of loss or damages plus costs	When Incurred	See Note 15
Interest and Audit Expenses	Interest on overdue amounts; cost of audit	When Incurred	See Note 16
Collection Costs, Attorneys' Fees and Arbitration Fees	Costs of collection, attorneys' fees and arbitration fees	As incurred	See Note 17
Rita's Lost Profits Following Termination	Royalty Fees and Advertising Fees for remaining term of the Franchise Agreement.	As incurred	See Note 18

Expenses to attend Rita's Annual Business Meeting and required trainings	Cost for transportation, lodging, and meals	As incurred	See Note 19
Guest Complaint Resolution Fee	Then-current fee; currently, \$10 - \$100 per incident	When Rita's receives a complaint from a guest and sends a gift card to the guest	See Note 20
Training Cancellation Fee	Then-current fee; currently, \$250	At time of late cancellation	See Note 21
COS Violation Fee	Then-current fee; currently, \$1,000 per incident after the second incident	As incurred	See Note 22

The above table describes other recurring or isolated fees or payments that you must pay to Rita's or its affiliates, or which Rita's or its affiliates impose or collect on behalf of a third party, in whole or in part. Unless otherwise indicated, all of the fees listed in the table are uniformly imposed by, payable to, and collected by Rita's, and are non-refundable; however, as noted above, Rita's reserves the right to waive or amend any of the fees for institutional franchisees or for unique locations, as the circumstances may warrant.

NOTES:

Note 1 – Royalty Fee: Rita's charges a 6.5% Royalty Fee which will be calculated one of two ways, depending on the type of product sold. For sales of certain Proprietary Products, including Rita's proprietary Italian ice, frozen custard, and bottled water, you must purchase specified ingredients ("Rita's Mixes") from Rita's or approved or designated suppliers. See Item 8. Through your purchase of Rita's Mixes, you will pay a royalty fee equal to 6.5% of the amount of gross sales Rita's estimates you will derive, based upon historical data, from selling the prepared mix at retail.

In addition to products prepared from Rita's Mixes, you may be permitted or required to sell products for which there is no built-in royalty payment ("Additional Products"). You will be invoiced, on a monthly basis, an amount equal to 6.5% of the Gross Sales generated by the actual retail sale of these Additional Products during the preceding month. All payments must be made by electronic funds transfer.

"Gross Sales" is defined in the Franchise Agreement as all revenue from the sale of all products and services and all other income of every kind and nature, except revenue from the sale of products prepared from Rita's Mixes, related to your Shop, whether for cash or credit, and regardless of collection in the case of credit. "Gross Sales" does not include (a) any sales taxes or other taxes collected from guests and paid directly to the appropriate taxing authority, or (b) the value of any gift card sold.

Note 2 – Grand Opening Advertising: You must conduct grand opening advertising and promotion for the Shop in the form and manner as determined by Rita's. The Grand Opening Advertising requirement applies to all new, transferred, and relocated Shops. Under the Franchise Agreement, between 60 days before the opening of the Shop and 30 days after the opening, you must spend approximately \$0 to

\$20,000 on grand opening advertising and promotion, which may include \$975 that you may pay to Rita's to purchase a Rita's "Ice Guy" costume. Your required contribute of approximately \$10,000-\$20,000 will also include a media and marketing promotion provided by Rita's on your behalf that may include broadcast and print advertising as recommended by Rita's to support the Shop's grand opening. The cost of the promotion and media included shall be determined by Rita's and may vary depending on the size and location of the market where the Shop is located. In addition, when the Shop first opens and potentially at the Grand Opening event, you must give away free regular-sized cups of ice (any flavor). Rita's will provide you at no additional cost with a reimbursement of up to 3 free cases of cherry Italian Ice mix.

Note 3 – Advertising Fee: You must pay Rita's an advertising fee ("Advertising Fee") which Rita's has the right to allocate between a national or regional advertising fund or to an advertising cooperative established for the common benefit of System franchisees, as Rita's deems appropriate. The Advertising Fee will be paid through your purchase of the Rita's Mixes, and by electronic funds transfer arrangement. The amount of the Advertising Fee is the sum of (a) 3.0% of the estimated amount of gross sales to be derived from the retail sale of the products that will be prepared from the Rita's Mixes, and (b) 3.0% of the Gross Sales of all Additional Products. Currently, Rita's allocates all Advertising Fee payments to one advertising fund. See Item 11.

Note 4 – Minimum Advertising Expenditure/Advertising Cooperative: In addition to the Advertising Fee, for each week (or portion of each week) during which your Shop is open for business, you must spend an average 2% of Gross Sales per week on local advertising in the manner Rita's prescribes in the Operating Manual or otherwise in writing (the "Minimum Advertising Expenditure"). Rita's has the right, under the Franchise Agreement, to increase the Minimum Advertising Expenditure to a maximum of 3%. Rita's reserves the right to require you to become a member of an advertising cooperative, but currently has not established any such cooperatives. See Item 11.

Note 5 – First Day of Spring Ice Give-Away: Each year on the first day of spring, franchisees must give away cups of any flavor ice for free to any guest who visits the franchisee's location from open until close. Rita's reserves the right to determine the size of the cup of ice received by guests. You must pay for all costs associated with the give-away, including mixes, supplies, and cups. For all mixes (whether they come from the franchisee's inventory or whether they are purchased in preparation for the First Day of Spring Ice Give-Away), you will be responsible for paying all royalty owed to Rita's at the time the mixes are purchased. You are also responsible for keeping accurate accounting and documenting how many regular cups of ice are given away as part of the First Day of Spring Ice Give-Away. You must submit this documentation to Rita's and Rita's will subsequently reimburse you for the product royalty portion of this giveaway based on the number of regular ices given away and your retail price.

Note 6 – Advisory Council Fee: You must participate actively in the Rita's Advisory Council ("Council") and participate in all Council programs which we approve. The Council operates through Rita's Franchisee Advisory Council, Inc. ("RFAC"), a Pennsylvania not for profit corporation, organized primarily to provide effective communication between Rita's and its franchisees, and to provide a forum for Rita's and member franchisees to work together toward improving and enhancing Rita's name and System; to share ideas, solutions and experiences; and to achieve common objectives. Franchisees are not currently required to pay an Advisory Council Fee; however, Rita's reserves the right to require franchisees to pay an Advisory Council Fee that Rita's, in its sole discretion, determines and to require franchisees to pay a pro rata share per Franchise Agreement for assessments which may become necessary to accomplish the purpose of the Counsel.

Note 7 – Site Selection: Under the Express Unit Franchise Agreement, the Franchise Agreement and the Satellite Unit Agreement, Rita's will conduct, if deemed necessary and appropriate by Rita's and at no

cost to you, one on-site evaluation of any properly submitted proposed site that meets Rita's criteria. For each additional on-site evaluation (if any) of the same location that was previously submitted and reviewed, Rita's may require you to reimburse Rita's for Rita's reasonable expenses, including the costs of Rita's payroll for site selection personnel, travel, lodging, food and other miscellaneous expenditures. The figures in the chart reflect Rita's estimated expenses in conducting one additional on-site evaluation (if any). The reimbursement of such expenses incurred by Rita's (if any) is nonrefundable and will be imposed by, payable to and collected by Rita's.

Note 8 – Replacement Fee for System Manuals: Rita's currently provides franchisees with electronic access to the System Manuals. Rita's will provide you with a paper copy of the System Manuals if you request one in writing. If you lose a paper copy of any of the System Manuals provided by Rita's, you will be charged \$500 for each manual that needs to be replaced ("Replacement Fee"). The System Manuals consist of the Operation Manual, the Product & Procedures Manual, and the Recipes Manual. The Replacement Fee is nonrefundable and will be charged if (a) you do not notify us of non-receipt of the System Manuals within 3 months after you sign the Franchise Agreement and we have a record that the System Manuals were shipped to you; (b) you do not notify us of non-receipt of an updated version of the System Manuals within 3 months after notification that the System Manuals have been shipped and we have a record of the shipment; or (c) the System Manuals are not returned when the Franchise Agreement is terminated. If you were provided a paper copy of the System Manuals and you transfer your Shop, you must return your copy of the System Manuals to Rita's on or before the date of transfer. If you do not have your copy of the System Manuals you must pay the Replacement Fee.

Note 9 – Website Hosting Fee: Rita's has the right, under the Franchise Agreements, to establish and maintain a Website, which may promote the Proprietary Marks and/or the System and/or the Rita's Shops operating under the System. Currently, Rita's provides you with access to a website, free of charge. However, Rita's reserves the right to require you to pay any fee imposed by Rita's, or your *pro rata* share of any fee imposed by a third party service provider, as applicable, in connection with hosting the Website.

Note 10 – Overdraft Fee: If there are insufficient funds in your bank account for electronic fund transfer to cover payments due to Rita's or its affiliates, Rita's has the right, under the Franchise Agreement, to charge you its then-current overdraft fee. Currently, this fee is \$50 for each insufficient payment.

Note 11 – Relocation Fee and Rita's Lost Profits During Relocation: If you relocate your Rita's Shop with Rita's prior written consent, you must pay Rita's a nonrefundable relocation fee of \$2,500. In addition, if you close your Shop for any period of time during relocation, Rita's reserves the right to require you to pay Rita's the same Royalty Fees and Advertising Fees paid during the same time period of the prior year. For a description of the conditions under which the Shop may be relocated, see Item 12 below.

Note 12 – Transfer Fee: If any transfer subject to the Franchise Agreements occurs as further described in Item 17, you must pay Rita's a nonrefundable transfer fee equal to one-half of the then-current initial franchise fee for a Rita's shop at the time of transfer. However, in the case of a transfer to a corporation or limited liability company formed by you for the convenience of ownership, there is no transfer fee for transfers occurring within the first 12 months of the agreement being transferred, and the transfer fee will be \$200 for transfers occurring at or any time after 12 months from the date of the agreement being transferred. Rita's may, in its discretion, reduce the transfer fee under the Franchise Agreement.

As a condition to any transfer of your Shop, the transferor, at its expense, may be required to refurbish the Shop to conform to Rita's then-current standards and specifications. Rita's may require the transferee to pay into escrow an amount of money equal to the estimated cost of the refurbishment as determined by

Rita's, to be held by Rita's or a third party approved by Rita's until the Shop has been brought into compliance with Rita's then-current standards as reasonably determined by Rita's, and to sign Rita's then-current form of escrow agreement.

Note 13 – Insurance: Before you open the Shop, you must purchase and maintain at your sole expense at all times during the term of the Franchise Agreements the insurance coverage that Rita's specifies, including comprehensive general liability insurance, product liability and broad form contractual liability insurance. If you fail to obtain or maintain the required insurance, Rita's has the option to obtain such insurance on your behalf and charge you for the cost of the insurance and its reasonable expenses in connection with obtaining and maintaining it. Rita's estimates the annual insurance premium for the minimum required insurance coverages to be \$1,500. See Item 7, below.

Note 14 – Renewal Fee: If you renew the Franchise Agreements at the expiration of the original Franchise Agreement term, you must pay Rita's a renewal fee equal to 50% of the then-current initial franchise fee being charged for a Rita's Shop when you sign the renewal agreement. In addition, as a condition to renewal, you must make or provide for such renovation and modernization of your Shop so that it conforms to Rita's then-current standards, practices and image. Rita's may require that you pay into escrow an amount of money equal to the estimated cost of the renovation and modernization as determined by Rita's, to be held by Rita's or a third party approved by Rita's until the Shop has been brought into compliance with Rita's then-current standards as reasonably determined by Rita's, and to sign Rita's then-current form of escrow agreement. See Item 17, below.

Note 15 – Hold Harmless and Indemnification: Under the Express Unit Agreement, the Franchise Agreement and the Satellite Unit Agreement, you must indemnify and hold Rita's, its affiliates, and their respective officers, directors, agents and employees harmless against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business operations under any of these agreements, as well as the costs, including attorneys' fees, of defending against them.

Note 16 – Interest and Audit Expense: Rita's and/or its designated agents have the right, under the Franchise Agreements, to examine and copy, at Rita's expense, your books, records, accounts and tax returns. Rita's also has the right, at any time, to have an independent audit made of your books. If an inspection should reveal that you have understated any payment due to Rita's, you must immediately pay to Rita's the understated amount upon demand, in addition to interest from the date such amount was due until paid, at the rate of 18% per year, or the maximum interest rate permitted by law, whichever is less. If an inspection reveals that you have understated any report by 3% or more, you must, in addition to repaying monies owed and interest, reimburse Rita's for any and all costs and expenses connected with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs).

Note 17 – Collection Costs, Attorneys' Fees and Arbitration Fees: Except as described in any of the Franchise Agreements, any claim or controversy arising out of, or related to, the Franchise Agreements or the making, performance or interpretation of the Franchise Agreements, at Rita's option, will be settled by arbitration, otherwise all claims will be litigated in the federal or state courts sitting in Philadelphia, PA. In the event of arbitration, the prevailing party will be entitled to recover all costs of arbitration, including the arbitrator's fee and attorneys' fees, interest and costs of investigation. Additionally, the arbitrators' award will include interest from the date of any damages incurred, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator, but in no event less than 1.5% per month, or part of a month, from the date until paid. You must also pay to Rita's all damages, costs and expenses, including all court costs, arbitration costs, and reasonable attorneys' fees, incurred by Rita's in successfully enforcing any provision of the Franchise Agreements (whether or not any arbitral or judicial proceedings are initiated), including the obtaining of injunctive relief.

Note 18 – Rita’s Lost Profits Following Termination: Rita’s has the right, under the Franchise Agreements, to recover from you Rita’s lost profits following termination of your Franchise Agreements in an amount equal to the mathematical product of (1) the number of months of the unexpired portion of your initial term under the Franchise Agreements, multiplied by (2) your average monthly Royalty Fee and Advertising Fee payments during the twelve-month period before termination. These fees will compensate Rita’s for lost profits resulting from the termination of the Franchise Agreements.

Note 19 – Expenses to Attend Rita’s Annual Business Meeting and Required Trainings: All franchisees are required to attend Rita’s Annual Business Meeting, held at a location to be determined by Rita’s. The Annual Business Meeting will generally last 3 days, subject to change by Rita’s. There is no cost to attend the meeting, but franchisees and employees are responsible for any and all expenses incurred by them, including costs associated with transportation, lodging, meals, and salaries.

Note 20 – Guest Complaint Resolution Fee: If Rita’s receives a complaint from one of your guests, Rita’s reserves the right to require you to pay its then current Guest Complaint Resolution Fee as described in the System Manuals. Currently, the fee is \$10 for the first occurrence; \$25 for the second occurrence; \$50 for the third occurrence; and \$100 for the fourth and each additional occurrence.

Note 21 – Training Cancellation Fee: If you register for and fail to attend a training course without providing notice of the cancellation at least 10 business days’ before the scheduled training course, you must pay Rita’s then-current cancellation fee. The cancellation fee is currently \$250.

Note 22 – COS Violation Fee: Rita’s has established a set of Critical Operating Standards, which govern certain aspects of your operations. If you fail to comply with any of the Critical Operating Standards, you must pay Rita’s the then-current Critical Operating Standards Violation Fee (“COS Violation Fee”). The amount of the COS Violation Fee is currently: 1st and 2nd violations = no fee; each subsequent violation = \$1,000.

Item 7: Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT

Rita’s Shop¹

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ²	\$0-\$30,000	Lump Sum	At signing of Franchise Agreement	Rita’s
Lease Deposit ³	\$1,000-\$5,000	Lump Sum	At Signing of Lease	Landlord
Leasehold Improvements ⁴	\$60,000-\$160,000	As Agreed	Before opening, as incurred	Suppliers
Equipment ⁵	\$35,000-\$95,000	As Agreed	Before opening, as incurred	Suppliers
Computer ⁶	\$600	As Agreed	Before opening, as incurred	Suppliers
Permits & Licenses ⁷	\$100-\$1,800	As Incurred	Before opening, as incurred	Governmental Authorities
Signs &	\$5,000-	As Agreed	Before opening, as incurred	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Awnings ⁸	\$8,500			
Prepaid Insurance Premium ⁹	\$1,500	Lump Sum	Before opening, as incurred	Insurance Carrier/Broker
Initial Order ¹⁰	\$8,000-13,000	As Agreed	Before opening, as incurred	Rita's or Supplier
Grand Opening Advertising ¹¹	\$0-\$20,000	Lump Sum	Between 60 days before opening and 30 days after opening	Rita's and/or Suppliers
Training ¹²	\$500-\$5,000	As Incurred	Before opening, as incurred	Food and lodging providers
Architect and Attorney Fees ¹³	\$8,500-\$9,000	As Incurred	Before opening, as incurred	Architect/Attorney
Working Capital ¹⁴ (3 months)	\$20,000 - \$30,000	As Incurred	Before and after opening, as incurred	Your Employees, Suppliers and Creditors
TOTAL	\$140,200-\$379,400			

Express Unit¹

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ²	\$0-\$15,000	Lump Sum	At signing of Franchise Agreement	Rita's
Lease Deposit ³	\$1,000-\$2,500	Lump Sum	At Signing of Lease	Landlord
Leasehold Improvements ⁴	\$35,000-\$75,000	As Agreed	Before opening, as incurred	Suppliers
Equipment ⁵	\$28,000-\$41,000	As Agreed	Before opening, as incurred	Suppliers
Computer ⁶	\$600	As Agreed	Before opening, as incurred	Suppliers
Permits & Licenses ⁷	\$100-\$1,800	As Incurred	Before opening, as incurred	Governmental Authorities
Signs & Awnings ⁸	\$2,000-\$5,000	As Agreed	Before opening, as incurred	Suppliers
Prepaid Insurance Premium ⁹	\$1,500	Lump Sum	Before opening, as incurred	Insurance Carrier/Broker
Initial Order ¹⁰	\$8,000-8,500	As Agreed	Before opening, as incurred	Rita's or Supplier
Grand Opening Advertising ¹¹	\$0-\$10,000	Lump Sum	Between 60 days before opening and 30 days after opening	Rita's and/or Suppliers
Training ¹²	\$500-\$5,000	As Incurred	Before opening, as incurred	Food and lodging providers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Architect and Attorney Fees ¹³	\$8,500-\$9,000	As Incurred	Before opening, as incurred	Architect/Attorney
Working Capital ¹⁴ (3 months)	\$15,000 - \$20,000	As Incurred	Before and after opening, as incurred	Your Employees, Suppliers and Creditors
TOTAL	\$100,200-\$194,900			

Fixed Location Satellite Unit¹

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ²	\$0-\$15,000	Lump Sum	At signing of Franchise Agreement	Rita's
Lease Deposit ³	\$0-\$2,500	Lump Sum	At Signing of Lease	Landlord
Leasehold Improvements ⁴	\$50,000-\$75,000	As Agreed	Before opening, as incurred	Suppliers
Equipment ⁵	\$28,000-\$54,950	As Agreed	Before opening, as incurred	Suppliers
Computer ⁶	\$0	As Agreed	Before opening, as incurred	Suppliers
Permits & Licenses ⁷	\$100-\$1,800	As Incurred	Before opening, as incurred	Governmental Authorities
Signs & Awnings ⁸	\$0-\$5,000	As Agreed	Before opening, as incurred	Suppliers
Prepaid Insurance Premium ⁹	\$1,500	Lump Sum	Before opening, as incurred	Insurance Carrier/Broker
Initial Order ¹⁰	\$3,700	As Agreed	Before opening, as incurred	Rita's or Supplier
Grand Opening Advertising ¹¹	\$0-\$10,000	Lump Sum	Between 60 days before opening and 30 days after opening	Rita's and/or Suppliers
Training ¹²	\$0	As Incurred	Before opening, as incurred	Food and lodging providers
Architect and Attorney Fees ¹³	\$0	As Incurred	Before opening, as incurred	Architect/Attorney
Working Capital (3 months) ¹⁴	\$0	As Incurred	Before and after opening, as incurred	Your Employees, Suppliers and Creditors
TOTAL	\$83,300-\$169,450			

Mobile Satellite Unit¹

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ²	\$0-\$10,000 (you can operate up to 3 mobile satellite units)	Lump Sum	At signing of Franchise Agreement	Rita's
Lease Deposit ³	\$0	Lump Sum	At Signing of Lease	Landlord
Leasehold Improvements ⁴	\$0	As Agreed	Before opening, as incurred	Suppliers
Equipment ⁵	\$15,000-\$90,000	As Agreed	Before opening, as incurred	Suppliers
Computer ⁶	\$600	As Agreed	Before opening, as incurred	Suppliers
Permits & Licenses ⁷	\$100-\$1,500	As Incurred	Before opening, as incurred	Governmental Authorities
Signs & Awnings ⁸	\$0	As Agreed	Before opening, as incurred	Suppliers
Prepaid Insurance Premium ⁹	\$1,500-\$4,500	Lump Sum	Before opening, as incurred	Insurance Carrier/Broker
Initial Order ¹⁰	\$3,700	As Agreed	Before opening, as incurred	Rita's or Supplier
Grand Opening Advertising ¹¹	\$0-\$10,00	Lump Sum	Between 60 days before opening and 30 days after opening	Rita's and/or Suppliers
Training ¹²	\$0	As Incurred	Before opening, as incurred	Food and lodging providers
Architect and Attorney Fees ¹³	\$0	As Incurred	Before opening, as incurred	Architect/Attorney
Working Capital (3 months) ¹⁴	\$0	As Incurred	Before and after opening, as incurred	Your Employees, Suppliers and Creditors
TOTAL	\$20,900-\$120,300			

Except as otherwise described in the notes below, the above tables provide an estimate of your initial investment for a Shop and the costs necessary to begin operation of your Shop. The first table describes the initial investment and costs for a standard Shop. The second table describes the initial investment and costs for an Express Unit. The third table describes the initial investment and costs for a Fixed Location Satellite Unit. The fourth table describes the initial investment and costs for a Mobile Satellite Unit. All costs listed in the tables are estimates only. Actual costs will vary for each franchisee and each location depending on a number of factors. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

NOTES:

Note 1: As described in the charts above, your costs will vary depending on whether you open a Standard Shop, Express Unit or a Standard Shop with a fixed or mobile Satellite Unit. You only have the

opportunity to operate a Fixed Location Satellite Unit or a Mobile Satellite Unit if you operate a Standard Shop.

Note 2: See Item 5 for a description of the Initial Franchise Fee.

Note 3: While you may own or purchase real estate in which to locate your Shop, Rita's anticipates that you will more likely lease a location for the Shop in a shopping center or elsewhere. The figures in the charts are based on Rita's estimate of the cost of your lease or sublease for the leasehold premises. Shops typically occupy approximately 700 to 1,500 square feet of commercial space. The monthly rental for leased premises varies depending upon the location of the Shop and the then-current, local real estate rental market conditions. You should obtain estimates of rental costs by contacting local commercial realtors before you sign the Franchise Agreement or Express Unit Agreement. The figures in the charts reflect an estimate for a one-month security deposit and the first month's rent. Rita's estimates that rentals will range between \$1,000 and \$5,000 monthly for 1,200 square feet of commercial space. In addition, some landlords may require additional security deposits or rental payments upon signing a lease. Many locations, such as malls and shopping centers, require the tenant to pay charges in addition to rent, such as real estate taxes, percentage rental, utilities, maintenance and insurance. Such additional charges would increase your rental costs. You should carefully investigate and evaluate all of the potential costs associated with a particular franchise location.

Note 4: This category includes construction build-out costs, construction costs and the cost of fixtures. The high end of the range for a Standard Shop includes site work that may be required for certain undeveloped sites, such as building a retaining basin, pavement of the site, tree removal, and re-grading of the site. Your initial investment for leasehold improvements will vary depending upon whether you operate a standard Shop, an Express Unit, or a Fixed or Mobile Satellite Unit and the size of your Shop and its geographic location. Construction costs in some areas of the country may exceed these estimates. These amounts reflect your cost if you purchase fixtures from or through approved contractors. Your actual cost for improving real estate may exceed the estimates contained in the charts.

Note 5: This range reflects the cost of purchasing the basic equipment necessary to operate your Shop and incidental office equipment. The low end of this range reflects the cost of purchasing used equipment. Basic operating equipment includes a minimum of 2 of Rita's proprietary Italian ice batch machines, 3 dipping boxes, 1 soft-serve machine, 2 door upright refrigerator, 2 door upright freezer, 2 cash registers and a work top refrigerator. The high end of this range reflects purchasing 2 POS system terminals instead of 2 cash registers. If you elect to finance or lease these items, you will incur a monthly lease expense in lieu of the expenses for purchase of the items described in the charts. Such expense could vary, depending upon the type of lease or length of financing. Rita's estimates that monthly financing costs will range between \$1,100 and \$1,300. Depending on the suppliers chosen, the cost of supplies and equipment may be refundable. This range for a Mobile Satellite Unit includes the cost of the mobile unit which may be a push cart, trailer or truck.

Note 6: This estimate includes the costs of purchasing the computer hardware and software required by the Franchise Agreements. See Item 11 for a description of the computer system.

Note 7: The figures in the charts include the estimated cost of building and zoning permits, and business operating licenses. The cost of obtaining these permits and licenses will vary according to local standards and regulations. You should consult your lawyer or your local county and state authorities about the specific legal requirements for business licenses, building and zoning permits, and related types of expenses in your local area or municipality.

Note 8: The figures in the charts reflect the estimated cost of the signage required under Rita's standards, specifications and requirements. The cost of signs depends on the size and location of your Shop, the particular requirements of the landlord, local and state ordinances and zoning requirements. The estimates given in the charts include exterior and interior art work and graphics.

Note 9: Before you open the Shop, you must purchase and maintain at your sole expense the insurance coverage that Rita's specifies. This will include comprehensive general liability insurance, property and casualty insurance, statutory worker's compensation insurance, employer's liability insurance and product liability insurance. Each policy must be written by a responsible carrier or carriers acceptable to Rita's and must name Rita's, its affiliates and their respective officers, directors, partners, agents and employees as additional insured parties. Rita's estimates the annual insurance premium to be \$1,500. The cost of the business insurance coverage required by the Franchise Agreement will vary from state to state and will depend on your prior loss experience, if any, and/or the prior loss experience of your insurance carrier in the state or locale in which you operate, and national or local market conditions. Rita's anticipates that you will be required to pay your insurance carrier or agent a full annual premium in advance.

Note 10: Under the terms of the Franchise Agreement, you must stock the Shop with the initial order of products, accessories, inventory and supplies prescribed by Rita's. These figures reflect the base cost of the proprietary mixes, fruits, sugars, uniforms, paper goods and other miscellaneous supplies.

Note 11: See Item 6 of this disclosure document for a description of the grand opening advertising requirement.

Note 12: The figure for training in the charts includes moderately priced lodging accommodations, food costs, and automobile mileage expense for two persons attending Rita's standard initial training program for franchisees and managers for 11 days. These estimated costs will vary according to the living accommodations, travel arrangements and dining facilities used. If you reside in the Philadelphia metropolitan area and commute to training, your training costs are likely to be less. Rita's fees with respect to training are discussed in Item 6, above.

Note 13: You may be required to hire an architect and/or have an attorney represent you at local township zoning hearings for building approvals or permits. The figures in the charts are Rita's estimates of your architect's and attorney's fees if zoning hearings are required by your locality.

Note 14: Rita's estimates that before opening the Shop and for a period of three months after the opening of your Shop, you will need approximately \$20,000 to \$35,000 in additional funds. The estimate in the charts includes rent, advertising and utilities for the second and third months of operation, employees' salaries for three months, and other miscellaneous expenses. The amount of additional funds that you may need will vary depending upon the location of the Shop, the number of paid employees you hire and their rate of pay and your own management and operational skill. The fact that your Shop may experience seasonal sales activity may create additional working capital requirements. The estimated additional funds amounts assume that (1) you will not draw a salary from the Shop during this initial phase and (2) the Shop will be operating during the initial three-month period.

Rita's relied upon its historical experience and upon the experience of its Predecessor's former affiliates and information received from franchisees in formulating these estimates.

Item 8: Restrictions on Sources of Products and Services

You may not install or permit installation of any fixtures, furnishings, equipment, decor, signs or other items which have not been previously approved as meeting Rita's standards and specifications. You must purchase all food items, ingredients, supplies, materials, and other products and equipment you use or offer for sale at the Shop from suppliers (including manufacturers, distributors, and other sources) who (i) are able to meet Rita's standards and specifications for those items; (ii) possess adequate quality controls, and (iii) are capable of supplying your needs promptly and reliably. To the extent Rita's has specified approved or designated suppliers for any item, you must purchase those items from approved or designated suppliers. You must use products purchased from approved suppliers solely for the purpose of operating the Shop and not for any other purpose.

If you would like to purchase products from a supplier who Rita's has not approved, you must submit a written request to Rita's for approval and provide Rita's all evidence, as Rita's may reasonably require, which demonstrates that the supplier and the item conforms with Rita's specifications. Rita's has the right to inspect the supplier's facilities, and to demand delivery of samples from the supplier for evaluation and testing to Rita's or to an independent testing facility which Rita's designates. You must reimburse Rita's for the reasonable cost of the evaluation and testing. Rita's will use its best efforts to notify you in writing, within 30 days from the date Rita's receives your written request for approval or completes testing, of its approval or disapproval of the proposed supplier and it will not unreasonably withhold its approval. You may not purchase any product from the proposed supplier until you receive Rita's written approval. Rita's has the right to revoke its approval of particular products or suppliers when it determines, in its sole discretion, that such products or suppliers no longer meet its standards. You may not sell any disapproved product or purchase from any disapproved supplier after receiving notice that Rita's approval of such product or supplier has been revoked. Rita's is not required to approve any particular supplier. Rita's is not required to make available to you or prospective suppliers Rita's criteria for approving suppliers or its standards and specifications for formulas, including, the formulas for the Rita's Mixes, that Rita's, in its sole discretion, deems confidential.

Because the Rita's Mixes are essential to the preparation and taste of the Proprietary Products (including Italian ice and frozen custard), you must use the Rita's Mixes and prepare the products according to Rita's standards, specifications, and procedures. You must purchase all Rita's Mixes from suppliers whom Rita's has approved or designated, who may include Rita's or its affiliates. All purchases of Rita's Mixes (and any other items) from Rita's or its affiliates will be at such prices, and on such other terms and conditions, as contained in the Manual or as Rita's may specify in writing. The terms of purchase may differ if you purchase from an approved supplier. You will be responsible for, and pay the cost of, shipment and insurance, if any. Rita's has the right to approve for sale, by changes to the System Manual or otherwise in writing, other menu items and products which must be prepared from a Rita's Mix.

Rita's currently designates two unaffiliated suppliers from whom you must purchase the Rita's Mix for Italian ice and frozen custard. In certain limited circumstances you may purchase certain of the Rita's Mixes, uniforms and promotional materials from Rita's. You must also purchase from approved suppliers various food and paper products. Rita's currently designates unaffiliated manufacturers from whom you must purchase Rita's proprietary Italian ice batch machines, custard machine, dipping boxes, walk-in boxes, freezers, refrigerators, blenders, and frozen custard dispensers. Other than as described above in this Item 8, Rita's has no method for formulating specifications and standards or for evaluating, approving or disapproving suppliers. Except as described above, Rita's and its affiliates are not currently an approved supplier for any categories of goods or services. Neither Rita's nor any affiliate is the only approved supplier for any product you are required to purchase. None of Rita's officers own an interest in any supplier of goods or services to franchisees.

Bunzl U.S.A. and Balford Farms are currently the only approved suppliers for the proprietary Italian ice mix, frozen custard mix, and bottled water. Bunzl U.S.A. is also currently the only approved supplier of certain cups and paper products bearing the Proprietary Marks. You may also buy other paper products from Bunzl U.S.A. Under agreements with Rita's, Bunzl U.S.A. and Balford Farms will ship your orders for the Rita's Mixes and other supplies directly to you and send your bills to Rita's. Rita's will then present you with invoices for your shipments from Bunzl U.S.A. and Balford Farms, including the applicable Royalty Fee and Advertising Fee (which apply to the Rita's Mixes, pretzels, toppings, cakes, and bottled water only).

If you enter into a Satellite Unit Agreement for a Mobile Satellite Unit, you must purchase the mobile unit from the unaffiliated supplier that Rita's designates.

Rita's also has the right to specify or require that you use certain brands, types, makes, and/or models of communications, computer systems, and hardware. Rita's also has the right, but not the obligation, to develop or have developed for Rita's, or to designate computer software programs that you must use in connection with the computer system, which you must install at your expense. Currently, Rita's does not require that you purchase the computer hardware or software from an approved supplier.

During its 2012 fiscal year, Rita's received revenue from the sale of the Rita's Mixes and small wares packages, from the sale of uniforms and promotional materials, from the sale of food and paper products, and from the sale of equipment to franchisees. Based upon its 2012 audited financial statements, Rita's derived \$30,402,625 in gross revenue in 2012, \$21,460,395 (71%) of which was derived as a result of all franchisee purchases. Rita's receives rebates from designated suppliers of food products, equipment and apparel of approximately 4.3% of total franchisee purchases from approved or designated suppliers. Rita's also received \$281,000 for Rita's Annual Meeting Sponsorships from vendors, as well as \$470,000 for Central Billing and other administrative support.

Rita's estimates that the costs of purchasing the Rita's Mixes for Italian ice, uniforms, and grand opening advertising materials will constitute approximately 5% to 8% of your total purchases and leases in connection with establishment of your Shop and purchases of the Rita's Mixes, uniforms, and advertising materials from Rita's will constitute approximately 18% to 23% of your total ongoing operating expenses.

Through economies of scale and increased efficiencies, Rita's has negotiated on behalf of franchisees significant cost containment of price increases for distribution costs and has negotiated actual cost reductions of several signature items and products.

Other than as described above, Rita's does not negotiate purchasing arrangements with suppliers for the benefit of franchisees, and Rita's does not provide you any material benefits for purchasing from designated or approved sources. There are currently no purchasing or distribution cooperatives in existence for the Rita's System.

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.

FRANCHISEE'S OBLIGATIONS

Obligation	Section in Franchise Agreement	Fixed Location Satellite Unit Agreement	Express Unit Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	1.2, 5.1, 7.16 and Site Selection Addendum	1.2, 5.1, 7.16 and Site Selection Addendum	1.2, 5.1, 7.16 and Site Selection Addendum	6 and 11
b. Pre-opening purchases/leases	7.3, 7.4, 7.6, 7.7 and Site Selection Addendum	7.3, 7.4, 7.6, 7.7 and Site Selection Addendum	7.3, 7.4, 7.6, 7.7 and Site Selection Addendum	7 and 8
c. Site development and other pre-opening requirements	5, 6.1, 7.6, 7.7 and Site Selection Addendum	5, 6.1, 7.6, 7.7 and Site Selection Addendum	5, 6.1, 7.6, 7.7 and Site Selection Addendum	6, 7 and 11
d. Initial and ongoing training	6	6	6	6, 7 and 11
e. Opening	5 and Site Selection Addendum	5 and Site Selection Addendum	5 and Site Selection Addendum	11
f. Fees	4, 5.5, 12, 14.3.1.10, 14.3.2 and Site Selection Addendum	4, 5.5, 12, 14.3.1.10, 14.3.2 and Site Selection Addendum	4, 5.5, 12, 14.3.1.10, 14.3.2 and Site Selection Addendum	5, 6 and 7
g. Compliance with standards and policies/Operating Manual	7.1, 7.2, 7.3, 7.4, 7.5, 7.7, 7.8, 7.9, 7.10 and 9	7.1, 7.2, 7.3, 7.4, 7.5, 7.7, 7.8, 7.9, 7.10 and 9	7.1, 7.2, 7.3, 7.4, 7.5, 7.7, 7.8, 7.9, 7.10 and 9	8 and 11
h. Trademarks and proprietary information	1.1, 8, 9, 10, 16.2, 16.3, 17.2 and 17.9	1.1, 8, 9, 10, 16.2, 16.3, 17.2 and 17.9	1.1, 8, 9, 10, 16.2, 16.3, 17.2 and 17.9	13 and 14
i. Restrictions on products/ services offered	1.4, 1.5, 7.2, 7.3, 7.4 and 7.5	1.4, 1.5, 7.2, 7.3, 7.4 and 7.5	1.4, 1.5, 7.2, 7.3, 7.4 and 7.5	8 and 16
j. Warranty and guest service requirements	7.12	7.12	7.12	11
k. Territorial development and sales quotas	1.2, 1.3, 1.4 and 1.5	1.2, 1.3, 1.4 and 1.5	1.2, 1.3, 1.4 and 1.5	12

Obligation	Section in Franchise Agreement	Fixed Location Satellite Unit Agreement	Express Unit Agreement	Disclosure Document Item
l. Ongoing product/service purchases	3.5, 7.3, 7.5 and 7.7	3.5, 7.3, 7.5 and 7.7	3.5, 7.3, 7.5 and 7.7	8
m. Maintenance, appearance and remodeling requirements	2.2.2, 7.10, 7.10, 7.12 and 7.13	2.2.2, 7.10, 7.10, 7.12 and 7.13	2.2.2, 7.10, 7.10, 7.12 and 7.13	17
n. Insurance	13	13	13	6 and 7
o. Advertising	3.9,4.3 and 12	3.9,4.3 and 12	3.9, 4.3 and 12	6, 7 and 11
p. Indemnification	20.3	20.3	20.3	6
q. Owner's participation/management/staffing	6, 7.12 and 17.1	6, 7.12 and 17.1	6, 7.12 and 17.1	11 and 15
r. Records and reports	4.6 and 11	4.6 and 11	4.6 and 11	6
s. Inspections and audits	5.4, 7.3.3.4, 7.8 and 11.4	5.4, 7.3.3.4, 7.8 and 11.4	5.4, 7.3.3.4, 7.8 and 11.4	6 and 11
t. Transfer	14, 15.2.6 and 15.2.7	14, 15.2.6 and 15.2.7	14, 15.2.6 and 15.2.7	6 and 17
u. Renewal	2	2	2	17
v. Post-termination obligations	16 and 17.3	16 and 17.3	16 and 17.3	17
w. Non-competition covenants	17	17	17	17
x. Dispute resolution	25	25	25	17
y. Other	Not applicable	Not applicable	Not applicable	Not applicable

ITEM 10: FINANCING

Rita's provides financing to franchisees for the purchase of a "Big Cup" inflatable Italian Ice Cup that can be displayed at your Shop. You are not required to purchase a "Big Cup" or to use Rita's financing if you choose to purchase a "Big Cup." The "Big Cup" costs up to \$1,500, plus \$125 for shipping. Rita's provides financing up to \$1,500 for the cost of the cup and \$125 for shipping. If you choose to use Rita's financing, Rita's will pay the vendor directly and you must sign a Promissory Note, attached to this disclosure document as Exhibit K. Rita's does not use an outside lender to provide financing and, consequently, does not receive any consideration for placing financing with any lender. Currently, Rita's

does not charge interest on the financing. If your payment is late, you must pay a late charge equal to 5% of the amount of the payment past due. Franchisee must repay the financed amount in equal installments within 24 months from the date of purchase; however, Rita's may forgive the final 6 payments if, at the time the 6th to last payment is due, the Franchisee meets certain performance criteria described in the System Manuals for the preceding 12 months.

Rita's does not require any security interest or a personal guaranty from any person or entity other than Franchisee in connection with the Big Cup financing. The entire amount owed may be prepaid at any time without penalty. Franchisee must repay the entire amount owed prior to relocating or transferring the Shop or upon termination of the Franchise Agreement. The consequences of default include: (i) payment is accelerated; (ii) payment of any reasonable out-of-pocket expenses, including attorneys' fees and disbursements, incurred by Rita's in connection with any action or proceeding taken to protect, enforce, determine or assert any provision, right or remedy under the Promissory Note; and (iii) termination of the Franchise Agreement and any other agreements between Franchisee and Rita's or its affiliate. Under the Promissory Note, you waive defenses and other legal rights and a confession of judgment may be entered if you are in default.

Rita's may from time to time, within its discretion, extend to franchisees loans to cover small operating costs for the operation of certain Rita's shops. When a loan is extended, Franchisee will be required to execute a Loan Agreement and Promissory Note. Franchisee may, on some occasions, also be required to execute a Security Agreement granting Rita's a security interest in certain property to secure the loan while it is in repayment. The Franchisee is required to pay the Franchisor the principal amount of the loan and interest. A copy of Rita's standard form of Loan Agreement, Promissory Note, and Security Agreement are attached to this disclosure document as Exhibit L.

Loan amounts range from a minimum of \$1,000 to a maximum of \$150,000 and the agreements have terms ranging from 4 months to 10 years. The Franchisee is required to pay the balance due under the promissory note by weekly or monthly payments. The rate of interest ranges from 0% to 10% annually. The Franchisee's failure to adhere to the terms of the Loan Agreement may result in late charges at a rate of 5% and an acceleration of the outstanding balance of principal and interest. The consequences of default include: (i) payment is accelerated; (ii) payment of any reasonable out-of-pocket expenses, including attorneys' fees and disbursements, incurred by Rita's in connection with any action or proceeding taken to protect, enforce, determine or assert any provision, right or remedy under the Promissory Note; and (iii) termination of the Franchise Agreement and any other agreements between Franchisee and Rita's or its affiliate.

Other than as described above, Rita's does not offer direct or indirect financing. Rita's does not guarantee your note, lease or obligation.

Rita's is also on the Franchise Registry of the United States Small Business Administration.

Item 11: Franchisor's Assistance, Advertising, Computer Systems and Training

Except as listed below, Rita's is not required to provide you with any assistance.

PRE-OPENING OBLIGATIONS

***Franchise Agreement, Fixed Location Satellite Unit Agreement and Express Unit Agreement
(collectively the "Franchise Agreements")***

Except as described below, Rita's is not required to provide any assistance to you under the Franchise Agreements before you begin operating your Shop:

1. Rita's will furnish to you such site selection guidelines and consultation as Rita's may deem advisable. (Section 4.a. of Site Selection Addendum);
2. Rita's will furnish to you such on-site evaluation as Rita's may deem advisable as part of your requests for site approval; provided, however, that Rita's will not provide on-site evaluation for any proposed site before Rita's receipt of the information or material required under the Site Selection Addendum or in Rita's Manuals. If on-site evaluation is deemed necessary and appropriate by Rita's, Rita's will conduct one on-site evaluation at Rita's cost. (Section 4.b. of Site Selection Addendum);
3. If you have signed a Site Selection Addendum for a shopping mall location, Rita's will use commercially reasonable best efforts to locate at least one potential site for your Rita's Shop and enter into lease negotiations with the owner of the site on behalf of, or along with, you. You must participate in the lease negotiations in the manner as the Lessor and/or Rita's reasonably require. It is ultimately your decision, and not Rita's, as to whether you sign any lease for the premises of your Rita's Shop. (Section 2 of Site Selection Addendum for Shopping Mall Locations);
4. Rita's will make available, at no charge to you, its standard plans and specifications for a prototypical Rita's Shop, including exterior and interior design and layout, fixtures, furnishings and signs. (Section 3.1);
5. Rita's will provide its initial training program as described in Item 11 of this disclosure document. (Section 3.2);
6. Rita's will provide such on-site pre-opening and opening supervision and assistance as it deems advisable. (Section 3.3);
7. Rita's will provide you with electronic access to the System Manuals (via Internet, extranet, or other electronic means) for the term of the Franchise Agreement. (Section 3.6); and
8. Rita's will provide you a reimbursement of up to 3 free cases of Cherry Ice Mix to be used in connection with the Grand Opening promotion, described above in Item 6. (Section 3.4).

OBLIGATIONS AFTER OPENING

Franchise Agreements

After opening your Shop, Rita's is obligated under the Franchise Agreements to perform the following services:

1. Rita's will provide to you advertising plans and promotional materials, including newspaper mats, coupons, point-of-purchase materials, special promotions, direct mail materials, and similar advertising and promotional materials. (Section 3.4);
2. Rita's will make available to you for sale, or designate or approve other suppliers who will make available to you for sale, certain ingredients required for your preparation of certain Proprietary

Products, including Rita's proprietary Italian ice mix and custard mix; and ingredients for such other menu items as Rita's may designate. (Section 3.5);

3. Rita's will provide you, as it deems appropriate, advice and written materials concerning techniques of managing and operating the Rita's Shop, including required and suggested inventory and sales methods, new developments and improvements on the franchised business layout and design, and new developments in products and marketing techniques. (Section 3.7); and
4. Rita's will conduct such inspections of your Shop as it deems advisable. (Section 3.8).

ADVERTISING PROGRAMS

Advertising Fund

Rita's has established an advertising fund (which it administers) for the common benefit of System franchisees (the "Fund"). You are required to contribute to the Fund the sum of (a) 3% of the estimated amount of gross sales to be derived from the retail sale of the products that will be prepared from the Rita's Mixes, and (b) 3% of the Gross Sales of all Additional Products. Currently, Rita's allocates all Advertising Fee payments to the Fund. Company-owned Shops are required by the Franchise Agreement to contribute to the Fund on the same basis as franchisees generally within the System.

Under the Franchise Agreements, Rita's has the right to use Fund contributions, at its discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Rita's believes will enhance the image of the System, including the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking media sites, such as Facebook, Twitter, LinkedIn, and on-line blogs and forums; developing, maintaining, and updating a World Wide Web or Internet site for Rita's; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; conducting and administering in-store promotions and "mystery shopper" program(s); and providing promotional and other marketing materials and services to the businesses operating under the System. Rita's is not required under the Franchise Agreements to spend any amount of Fund contributions in the area in which your Shop is located. Rita's will maintain all sums contributed to the Fund in an account separate from Rita's other monies. Rita's will not use any part of Fund contributions to defray any of its expenses, except for such reasonable costs and overhead, if any, as Rita's may incur in activities reasonably related to the direction and implementation of the Fund and advertising programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional, and marketing programs.

Rita's anticipates that all contributions to the Fund will be expended for their intended purpose during the Fund's fiscal year in which contributions are made. Fund surpluses, if any, may be expended in the following fiscal year(s). The Fund will not be terminated, however, until all monies in the Fund have been expended for advertising and promotional purposes. An accounting of the Fund's operation will be prepared and audited bi-annually and financial statements will be made available to you during regular business hours, upon your written request. Rita's reserves the right, under the Franchise Agreement, to require that such bi-annual accounting include an audit of the operation of the fund

prepared by an independent certified public accountant selected by Rita's and prepared at the Fund's expense.

During Rita's 2012 fiscal year, Rita's expended 53% of fund contributions on media placement costs and the remaining 47% on creative development and production, agency fees and administration. You are not permitted to use your own advertising, coupons, or promotional plans or material under any circumstances, unless Rita's first approves it in writing. During Rita's fiscal year 2012, no part of Fund contributions were spent on advertising which was principally a solicitation for the sale of franchises.

Website

Rita's has the right, but not the obligation, to establish and maintain a Website, which may promote the Proprietary Marks and/or the System and/or the Rita's shops operating under the System. You must pay to Rita's any fee imposed by Rita's, or your *pro rata* share of any fee imposed by a third party service provider, as applicable, in connection with hosting the Website. Rita's will have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. Rita's will also have the right to discontinue operation of the Website at any time without notice to you. Currently, Rita's offers each franchisee access to a free website that you may use for advertising in connection with your Shop.

Except as we approve in advance in writing, you may not establish or maintain a separate Website, or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with your Shop. If we grant approval, you must establish and operate your Website in accordance with our standards and policies provided to you in the Manuals or otherwise in writing.

Advertising Cooperative

Rita's also has the right, under the Franchise Agreements, to designate any geographical area for the purpose of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to your Shop. If Rita's has established a Cooperative applicable to your Shop at the time you begin operation under the Franchise Agreement, you must immediately become a member of such Cooperative. If Rita's establishes a Cooperative applicable to your Shop at any later time during the term of the Franchise Agreement, you must become a member of such Cooperative no later than 30 days after the date on which the Cooperative commences operations. If your Shop is within the territory of more than one Cooperative, you will be required to be a member of only one Cooperative.

If Rita's establishes a Cooperative, Rita's will allocate a portion of the Advertising Fee to the Cooperative. See Item 6 for a calculation of the Advertising Fee. Each Cooperative will commence operations on a date approved in advance by Rita's in writing. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Rita's approval, standardized advertising materials for use by the members in local advertising and promotion. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without the prior approval of Rita's. Under the Franchise Agreement, Rita's reserves the right to change, dissolve, merge or terminate any Cooperative. If a Cooperative is established in an area where company-owned shops are located, each company-owned shop will have voting power on any fees imposed by the Cooperative to the same extent as franchisees. An unaudited accounting of the operation of a Cooperative will be prepared annually by the Cooperative and will be made available to you during regular business hours, once during each calendar year. If a Cooperative is established, it would not be required to have bylaws or operate from written governing documents.

Advisory Committee

Rita's has an advisory committee composed of franchisees that advises Rita's on advertising policies. The committee serves in an advisory capacity only. All persons who are signatories to a Rita's franchise agreement are eligible, and required, to become members of the committee.

COMPUTER SYSTEM

Under the Franchise Agreements, you must keep, maintain and record all sales on such recordkeeping, cash register(s) or reporting system(s) as Rita's designates, or on any other equipment which Rita's specifies in the System Manuals or otherwise in writing.

Rita's has the right to specify or require that you use certain brands, types, makes, and/or models of communications, computer systems, and hardware (Franchise Agreement, Section 8.6.) Rita's also has the right, but not the obligation, to develop or have developed for Rita's, or to designate computer software programs that you must use in connection with the computer system, which you must install at your expense. (Franchise Agreement, Section 8.6.)

At Rita's request, you must purchase or lease, maintain, and upgrade, the computer system and, if applicable, the required software. Rita's has the right at any time to remotely retrieve and use such data and information from your Computer System or Required Software that Rita's deems necessary or desirable. All maintenance and support for the computer system is your responsibility. Since Rita's does not require a specific system, there are no contractual limitations on the frequency and cost of your obligation to upgrade or update any hardware component or software program during the term of the franchise, and your cost to do so will vary depending on your equipment and market area.

Subject to the above requirements, you are currently required to purchase or lease a Windows-based personal computer with Internet access. The computer will be used for reporting Gross Sales and other information, communicating with Rita's personnel, and accessing Rita's intranet. Rita's currently does not have independent access to the information and data generated by your computer system, but Rita's reserves the right to do so. We estimate that the Computer System and Software Program will cost approximately \$600.

CONFIDENTIAL SYSTEM MANUALS

Rita's has three separate manuals that make up its System Manuals: the Operations Manual, Products and Procedures Manual, and the Product Recipes Manual. The Table of Contents of each manual is attached as Exhibit C to this disclosure document. There are 668 total pages in the System Manuals – the Operations Manual is 245 pages, the Product and Procedures Manual is 283 pages, and the Recipes Manual is 140 pages.

SITE SELECTION AND OPENING

Franchise Agreements

You may operate your standard Shop, Fixed Location Satellite Unit and Express Unit only at and from a single location which Rita's has approved (the "Approved Location"). You may operate a Mobile Satellite Unit only within your Territory as defined under your single unit Franchise Agreement. You

must obtain premises for your standard Shop, Fixed Location Satellite Unit or Express Unit in accordance with the Site Selection Addendum within six (6) months from the date you sign the Site Selection Addendum and Franchise Agreements. There are two versions of the Site Selection Addendum, depending on whether your Rita's Shop will be located in a shopping mall or other location. Your Rita's Shop will most likely not be located in a shopping mall, but both versions of the Site Selection Addendum are described below. If you choose to operate a Mobile Satellite Unit you must purchase and commence operations of the Mobile Satellite Unit within three (3) months after the commencement of operations of the standard Shop or within three (3) months of execution of the Mobile Satellite Unit if you execute the Mobile Satellite Unit Addendum after your standard Shop is already in operation.

Under the Site Selection Addendum for non-shopping mall locations, you must, before obtaining the premises for the Shop in your Site Selection Area, submit to Rita's a description of the proposed site and such information and materials as Rita's may reasonably require and a letter of intent or other evidence satisfactory to Rita's which confirms your favorable prospects for obtaining the proposed site. You must submit such information and materials for your proposed site to Rita's for Rita's approval within 90 days after signing the Site Selection Addendum. Rita's then will have 30 days after receipt of such information and materials from you to approve or disapprove, in its sole discretion, the site as a location for the Shop.

Under the Site Selection Addendum for shopping mall locations, Rita's will use commercially reasonable best efforts to locate at least 1 potential site for your Rita's Shop and enter into lease negotiations with the owner of the site on behalf of, or along with, you. You must participate in the lease negotiations in the manner as the lessor and/or Rita's reasonably require. It is ultimately your decision, and not Rita's, as to whether you sign any lease for the premises of your Rita's Shop.

If you do not obtain a site for your Shop, Satellite Unit or Express Unit within 6 months after signing the Site Selection Addendum and Franchise Agreement, Satellite Unit Agreement or Express Unit Agreement or if you fail to commence operation of your Mobile Satellite Unit within three (3) months after the commencement of operations of the standard Shop or within three (3) months of execution if you execute the Mobile Satellite Unit Addendum after your standard Shop is already in operation, then your failure to obtain an approved site or commence operations of the Mobile Satellite Unit will constitute a default under the Franchise Agreements and Site Selection Addendum and Rita's may terminate the Franchise Agreements. After the location for the Shop has been approved by Rita's and obtained by you under the Site Selection Addendum, the location will constitute the Approved Location referred to in the Franchise Agreements. In evaluating a potential site, Rita's considers various factors including: general location, neighborhood, distance from neighboring businesses, proximity to major roads and residential areas, traffic patterns, available parking, visibility, size of the building, capability of being approved for walk-up window service and being permitted to close during the off-season, lease terms, and demographic characteristics of the area. (See Section 1.2 of Franchise Agreements and Site Selection Addendum). If you do not open your Shop within 9 months from the date of signing the Franchise Agreements or commencement operations of your Mobile Satellite Unit within three (3) months after the commencement of operations of the standard Shop or within three (3) months of execution if you execute the Mobile Satellite Unit Addendum after your standard Shop is already in operation, you will be in default and Rita's has the right to terminate your Franchise Agreements.

Typical Length of Time Between Signing Franchise Agreements and Opening Franchised Business

Franchisees typically open their Shop about 6 to 9 months after signing the Franchise Agreements. As described above, this time period will vary depending on whether you already have an approved site when you sign the Franchise Agreements. The actual length of this period, whether you are opening a single Shop, Satellite Unit or Express Unit depends upon your ability to obtain a mutually acceptable site and the lease for that site, acceptable financing arrangements, completion of leasehold improvements, training of personnel, delivery of inventory and equipment and other factors.

TRAINING PROGRAMS

Rita's initial training program consists of training at the Cool University and franchise training campus. Rita's will also provide on-site opening assistance when you open your Shop.

You (or if you are a corporation, partnership or limited liability company, a principal acceptable to Rita's) and one other employee whom Rita's has approved, must attend and successfully complete, to Rita's satisfaction, Rita's standard initial training program at the Cool University and franchise training campus. You must complete the initial training program between 45 – 65 days before opening your Shop. For most effectiveness, Rita's recommends that you schedule your training as close to the store opening as possible.

The standard initial training program consists of at least 5 days of training at the Cool University training facility located in Trevoze, Pennsylvania and at least 4 days of training at a franchise training campus to be designated by Rita's. The standard initial training program will include training in the preparation of Italian ice, frozen custard and other products sold at Rita's shops, methods of operation, techniques of doing business, bookkeeping; establishing and maintaining quality standards; guest service, advertising and promotions; security and loss prevention; opening methods and techniques; personnel training; and such other items as Rita's determines. At Rita's option, each of your additional and/or replacement managers must attend, and successfully complete to Rita's satisfaction, Rita's training program. In addition to the training of the two individuals described above, any approved personnel from your Shop responsible for preparing menu items from a Rita's Mix, including Italian ice, must be certified in a manner prescribed by Rita's to prepare menu items. (See Item 6.)

Rita's will also provide 2 to 4 days of on-site opening assistance at your Rita's Shop, as Rita's deems necessary in its sole discretion.

Rita's has created a Code of Conduct, which requires that all staff, students, and guests act in a professional manner at all times during the training program. You will be provided with a copy of the Code of Conduct on the first day of the training program. You must adhere to the Code of Conduct while on Rita's property, at satellite campus stores, at area hotels, and while attending any of Rita's functions, dinners, and social gatherings which might be considered a Rita's sponsored event. If you fail to act according to the Code of Conduct, we may dismiss you from the training program and terminate your Franchise Agreement. In such event, no portion of your Franchise Fee will be refunded.

To successfully complete the initial training program, including the training conducted at the Cool University and the satellite campus, you must have perfect attendance and a score of at least 80% on all tests and evaluations that Rita's administers. If you fail to achieve a passing score, you will have the option to take one final retest. If you or any of your principles or, if applicable, your manager fails to achieve a passing score on the final retest or opts not to take the final retest, Rita's may dismiss you from the initial training program and terminate your Franchise Agreement. If you are dismissed from the initial

training program, Rita's will not reimburse any portion of your Initial Franchise Fee or pay for your travel expenses to attend the initial training program.

You and your manager and other employees must also attend such additional courses, seminars, conventions and programs as Rita's may reasonably require from time to time. All training will be conducted at times, dates and places as Rita's designates from time to time, and will be subject to the availability of Rita's personnel. For the initial training program and all additional courses, seminars, conventions and programs described above, Rita's will provide, at no charge to you, a total of 18 days of training, instructors and materials for you or your employees during the term of the Franchise Agreement. You or your employees will be responsible for any and all expenses incurred in connection with any courses, seminars, conventions and programs, including, costs of accommodations, meals, wages and travel, as well as worker's compensation insurance. If you register for and fail to attend a training course without providing notice of the cancellation at least 10 business days' before the scheduled training course, you must pay Rita's then-current cancellation fee. Rita's has the right to provide any training program through seminars, lectures, classes, Internet-based programs, conference calls, or other methods. Rita's has the right to charge you its then-current training fee for any initial training, ongoing training, or additional training. See Items 6 and 7 for a further description of fees and expenses related to training.

Rita's initial training program is currently conducted on an as-needed basis. Rita's currently maintains a training and franchise service team which provides franchisee training. All training is provided under the supervision of Kathy Deal. Mrs. Deal has been with Rita's since 1996 and has been the Director of Training since 2012. Before her current position, Mrs. Deal was Regional Director of Operations since July 2007 and a Franchise Service Manager with Rita's since June 1996; she also has 25 years of Food Service Experience. Instructors include: Jamie Snyder (Corporate Trainer with Rita's since 2012 and General Manager of Cool University since January of 2007; she also has 19 years of Food Service Experience), Cierra Parodi (Corporate Trainer since October of 2012, she also has 7 years of Food Service Experience) and various members of the Operations Department. The training program includes instruction as outlined in the following chart. Each day will consist of a minimum of 8 to 10 hours of instruction. Training Materials for the Training Program consist of Rita's System Manuals and a training binder. Attendees are required to complete prerequisite coursework or readings before attending any training, passing is 100%. All information presented in the classroom is reinforced at the required onsite job training.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF HANDS ON TRAINING	TRAINING LOCATION
Welcome and Introduction	30 Minutes		Cool U
The CoolNet Overview	1.25 Hours		Cool U
Food Safety	45 Minutes		Cool U
Custard Machine Cleaning		8 Hours	Cool U
Production	1 Hour	6.5 Hours	Cool U

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF HANDS ON TRAINING	TRAINING LOCATION
Storefront Procedures & Products		6 Hours	Cool U
Multi-Unit Operations	30 Minutes		Cool U
Service Excellence	45 Minutes		Cool U
Procurement - Ordering and Inventory	45 Minutes		Cool U
Labor and Scheduling	1.50 Hours		Cool U
Grand Opening Marketing	1 Hour		Cool U
Brand Marketing	1 Hour		Cool U
Local Store Marketing	1 Hour		Cool U
Initial and Ongoing Support	30 Minutes		Cool U
Sales Review and Analysis	1 Hour		Cool U
Retail Pricing Strategy	30 Minutes		Cool U
Operational Standards	30 Minutes		Cool U
Financial Management	1 Hour		At Shop
Mock Training		4 Hours	Cool U
Additional In Store Training		40 Hours	Location to be designated by Rita's at one of its Satellite Campuses

Item 12: Territory

Franchise Agreements

Under the Franchise Agreements, you have the right to establish and operate one Rita's Shop at an Approved Location. See Item 11 for a more detailed description concerning the Approved Location and site selection requirements. You will be granted an exclusive territory as described in the following sentence ("Territory"). Except as described below, during the term of the Franchise Agreements, Rita's

will neither establish and operate, nor license any other party to establish and operate, a Rita's shop under the System and the Proprietary Marks within the Territory, which will be defined as a certain radius or designated geographic area around the Approved Location. The Territory will be described in the Franchise Agreements and will be determined by various factors including demographics, the concentration of other businesses in the vicinity, existing and potential restaurant competition, projections of growth in the area, and the economic environment. If your Rita's Shop is located in a large metropolitan area and your Territory is described by a radius, the radius will range from one-tenth of a mile to one mile. If your Rita's Shop is located in a smaller city or rural area and your Territory is described by a radius, the radius will range from one-tenth of a mile and may be up to two and a half miles.

Rita's will still have the right, among others, during the term of the Franchise Agreements to establish and operate, and license other parties to establish and operate, Rita's shops and other types of locations (including mobile satellite unit, fixed location satellite units, and kiosks) under the System and the Proprietary Marks within your Territory at any existing or future special events centers, parks, stadiums, arenas, business and industrial complexes, museums, art centers, military bases, airports, other public transportation facilities, government offices or institutions, regional malls, health care facilities and other institutional feeding facilities, hotels and motels, toll road or highway rest stops, colleges, universities, food concessions and food service facilities, in theaters, warehouse clubs, theme parks, amusement centers, truck stops, casinos, and any similar outlets as Franchisor and/or Franchisor's affiliate determine, in its or their sole discretion; and to use, and to license others to use, the System and the Proprietary Marks for the operation and licensing of other Rita's Shops at any location outside of the Territory. Rita's also retains the right, both within and outside the Territory, to acquire, merge with, or otherwise affiliate with, and then own and operate, and franchise or license others to own and operate, any business of any kind, including any business that offers products or services the same as or similar to those offered under the System or that uses the Proprietary Marks or any other system or marks.

You may not relocate the Shop (1) outside of the Territory or (2) without Rita's prior written consent. If you wish to relocate the Shop, you must submit to us a written request to approve the proposed new location. We are not obligated to approve any request for relocation, and we may require any or all of the following as conditions of our approval: (a) you are in compliance with all terms and conditions of the Franchise Agreements; (b) you have the funds available to relocate the Shop and construct a new Shop according to our then-current design standards; (c) you sign our then-current form of franchise agreement; (d) you sign a general release of any and all claims against us and our affiliates, and our respective officers, directors, agents and employees; and (e) you pay us a relocation fee of \$2,500. Rita's has the right, in its sole discretion, to specify a new territory upon relocation, which may be smaller than your current Territory. Our consent may also be based upon the effect of relocation on other Rita's Shops, whether in operation, under construction or in negotiations.

Except for Rita's Mobile Satellite Units or Fixed Location Satellite Units, described below, you have only the right to sell the menu items from the Approved Location to retail guests for actual consumption on the Shop premises or for personal carryout consumption. The rights granted to you under the Franchise Agreements specifically exclude any right to sell any product for resale, to sell any product at or from any place except the Approved Location and to prepare any product at any place, or deliver any product from any place, other than at or from the Approved Location.

If you operate a Standard Rita's Shop you may also have the opportunity to operate a Fixed Location Satellite Unit or a Mobile Satellite Unit under the terms and conditions described in the Mobile Satellite Addendum to the Franchise Agreement, attached as Exhibit G-1 to this disclosure document and the Fixed Location Satellite Agreement attached as Exhibit G-2 to this disclosure document. The Satellite Unit will be either a fixed location or mobile and will feature an approved menu utilizing Rita's formulas

and methods for preparing Italian ice and other approved food products. If you operate a Fixed Location Satellite, you must operate your Fixed Location Satellite from a location agreed to in advance by Rita's that is within the Territory. If you operate a Mobile Satellite Unit, you may operate the Mobile Satellite Unit at events and locations within and outside of the Territory that Rita's has approved in advance. You may operate a Mobile Satellite Unit within another franchisee's territory only if you receive written approval from that franchisee and Rita's.

Rita's has the right to distribute its products, including the Proprietary Products, in your Territory through itself, its affiliates, or its licensees or designees, in such manner and through such channels of distribution other than Rita's Shops as Rita's, in its sole discretion, determines, including specialty stores, grocery stores, supermarkets, catering services, sales of products by mail order or catalog business or via the Internet. Except for Rita's Satellite Unit program, described above, you do not have the right to distribute the Proprietary Products through such alternative channels of distribution or to share in the proceeds received by any authorized party. You have no options, rights of first refusal or similar rights to acquire additional Rita's Shops within the Territory or in contiguous areas during the term of the Franchise Agreements.

Rita's does not restrict you from soliciting or accepting orders outside of the Territory. Unless you operate a Satellite Unit, your rights under the Franchise Agreements only include the right to sell the menu items from the Rita's Shop, face-to-face, to retail guests for actual compensation on the Rita's Shop premises or for personal carry-out consumption. Neither Rita's nor its affiliates are restricted from soliciting or accepting orders inside the Territory, and they are under no obligation to pay you compensation for any order they solicit or accept inside your Area.

Fixed Location Satellite Unit Agreement

The Fixed Location Satellite Unit Agreement assigns you a Search Area, as described in the following paragraph ("Satellite Search Area") within which you must develop the Fixed Location Satellite Unit under a development schedule (the "Development Schedule"). Each Fixed Location Satellite Unit developed under the Fixed Location Satellite Unit Agreement must be located in the Satellite Search Area. The Satellite Search Area and the Development Schedule will be identified in an exhibit to the Franchise Agreement. Rita's must approve the site for each Fixed Location Satellite Unit you propose to develop in the Development Search Area before you sign a lease for the site.

Except as described below, you will receive an exclusive territory under the Fixed Location Satellite Unit Agreement in that Rita's may not establish or operate, or license anyone other than you to establish or operate, a Rita's shop under the System and Proprietary Marks in the Satellite Search Area during the term of the Fixed Location Satellite Unit Agreement. Rita's will still have the right, among others, in the Satellite Search Area and any subsequent Territory, if applicable, to establish and operate, and license other parties to establish and operate Rita's shops and other types of locations (including mobile satellite units and kiosks) under the System and the Proprietary Marks at any existing or future special events centers, parks, stadiums, arenas, business and industrial complexes, museums, art centers, military bases, airports, other public transportation facilities, government offices or institutions, regional malls, health care facilities and other institutional feeding facilities, hotels and motels, toll road or highway rest stops, colleges, universities, food concessions and food service facilities, in theaters, warehouse clubs, theme parks, amusement centers, truck stops, casinos, and any similar outlets as Franchisor and/or Franchisor's affiliate determine, in its or their sole discretion; and to use, and to license others to use, the System and the Proprietary Marks for the operation and licensing of other Rita's shops at any location outside of the Satellite Search Area. Rita's also retains the right, both within and outside the Satellite Search Area, to acquire, merge with, or otherwise affiliate with, and then own and operate,

and franchise or license others to own and operate, any business of any kind, including any business that offers products or services the same as or similar to those offered under the System or that uses the Proprietary Marks or any other system or marks. Rita's and its affiliates, themselves or through licensees or designees, have the right to sell their products, including the Proprietary Products, in your Satellite Search Area in such manner and through other channels of distribution, including specialty stores, grocery stores, supermarkets, catering services, sales of products by mail order or catalog business or via the Internet. The Fixed Location Satellite Unit Agreement does not grant you any rights to distribute the Proprietary Products through such alternative channels of distribution or to share in the proceeds received by any authorized party from such sale.

If you fail to develop the number of Fixed Location Satellite Units in the time-frame established by the Development Schedule, Rita's has the right to terminate the rights granted to you under the Fixed Location Satellite Unit Agreement.

* * *

Rita's may offer, sell, or permit other, non-franchised businesses to offer and sell frozen custard to captive audiences (e.g., theme parks and toll road plazas). Rita's anticipates that the locations at which these businesses will operate may be within your Territory. Any conflicts that may arise will be addressed on a case-by-case basis.

Except as described above, continuation of your territorial protection does not depend on achievement of a certain sales volume, market penetration or other contingency by the franchisee. Except as described in Item 1 above and in this Item 12, Rita's has not established, nor does it presently intend to establish, other franchises or company-owned outlets or other channels of distribution selling or leasing similar products or services under a different trademark; but, Rita's retains the right to do so. Rita's does operate, and intends to continue to operate, the Rita's Shop described in Item 1, above, selling the Proprietary Products and using the System and the Proprietary Marks.

Item 13: Trademarks

Franchise Agreements

Rita's will license you the right to use the Proprietary Marks, as described in the Franchise Agreements. The principal Proprietary Marks currently include "Rita's Ice-Custard-Happiness" (and design), "Rita's Real Italian Ices" (and design), "Rita's Water Ice" (and design), and the mark "Rita's Old Fashioned Custard" (and design).

Rita's owns the registrations for the following Proprietary Marks which are registered on the Principal Register of the U.S. Patent and Trademark Office ("PTO"):

MARK	REGISTRATION NUMBER	CLASSES	DATE OF REGISTRATION
Rita's Old Fashioned Custard (and design)	1,851,607	30	August 30, 1994
Rita's Real Italian Ices	1,856,885	30	October 4, 1994

MARK	REGISTRATION NUMBER	CLASSES	DATE OF REGISTRATION
Be Cool. Eat A Rita's.	1,946,522	30	January 9, 1996
Decorative Awnings (design only)	2,377,177	35	August 15, 2000
Rita's	2,614,810	30, 35	September 3, 2002
Rita's Ices, Cones, Shakes, And Other Cool Stuff (and design)	2,666,458	30, 35	December 24, 2002
Be Cool. Eat A Rita's.	3,055,435	35	January 31, 2006
Misto	3,150,741	30	October 2, 2006
COOL WHEELS (service mark)	3,267,319	35	July 24, 2007
Rita's Ice Custard Happiness (and design)	3,521,372	30, 35	October 21, 2008
Rita's Ice Custard Happiness (and design)	3,521,406	43	October 21, 2008
Blendini	3,683,504	30	September 15, 2009
Slenderita	3,877,261	30	November 16, 2010
Rita's Ice Custard Happiness Light Line	3,897,687	30 and 35	December 28, 2010
Rita's Ice Custard Happiness Light Line & Banner Design	3,897,688	30 and 35	December 28, 2010
4 th of Gelati	3,941,912	30	April 5, 2011

All required affidavits and all required renewals pertaining to these registrations have been filed. Rita's does not know of any superior priority rights or infringing uses that could materially affect your use of the principal trademarks in this or any other state. Rita's is not aware of any presently effective material determinations of the PTO, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or pending material litigation involving the Proprietary Marks which may be relevant to their use in any state.

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

You must follow our requirements when you use the Proprietary Marks. You must use only the Proprietary Marks which we designate and may use them only in the manner we authorize. You may use the Proprietary Marks only in connection with operating your Shop at the Approved Location, or in advertising for the business conducted at or from the Approved Location. Unless Rita's otherwise

authorizes or requires, you must operate and advertise your Shop only under the name “Rita’s Ice-Custard-Happiness,” and must use all Proprietary Marks without prefix or suffix. You may not use the Proprietary Marks as part of your corporate or other legal name. During the term of the Franchise Agreement and any renewal or extension, you must identify yourself as the owner of the Franchised Business in conjunction with your use of the Proprietary Marks whenever you use the Proprietary Marks, including on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, and on the display of all notices. You may not use the Proprietary Marks to incur any obligation or indebtedness on Rita’s behalf. You must comply with Rita’s instructions in filing any requisite trade name or fictitious name registrations. You must sign all documents which Rita’s deems necessary to protect the Proprietary Marks or to maintain their continued validity and enforceability. You may not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Proprietary Marks or any other word, name, symbol or device likely to cause confusion with any of the Proprietary Marks.

Under the Franchise Agreements, you must notify Rita’s of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to the trademark owner’s ownership of, Rita’s right to use and to license others to use, or your right to use, the Proprietary Marks. Rita’s has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of such administrative proceeding or litigation. Rita’s has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

Rita’s will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If Rita’s, in its sole discretion, determines that you have used the Proprietary Marks in accordance with the Franchise Agreement, the cost of such defense, including the cost of any judgment or settlement, must be paid by Rita’s. If Rita’s, in its sole discretion, determines that you have not used the Proprietary Marks in accordance with the Franchise Agreements, the cost of such defense, including the cost of any judgment or settlement, must be paid by you. Except as described in this paragraph, Rita’s will defend you at your expense against such third party claims, suits, or demands. In the event of any litigation relating to your use of the Proprietary Marks, you must sign any and all documents and do all acts as may, in Rita’s opinion, be necessary to carry out a defense or prosecution, including becoming a party to the legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreements, Rita’s will reimburse you for your out-of-pocket costs in doing such acts. Rita’s reserves the rights to substitute different Proprietary Marks for use in identifying the System and the businesses operating under the System if Rita’s current Proprietary Marks can no longer be used, whether as a result of a proceeding, settlement of for any other reason, or if Rita’s determines that substitution of different Proprietary Marks will be beneficial to the System. You must comply with any such substitution at your sole cost and expense.

Item 14: Patents, Copyrights and Proprietary Information

Rita’s does not have any pending patent applications or own any registered copyrights or patents which are material to the franchise, but Rita’s claims common law protection for many aspects of the System including the System Manuals and other manuals, Rita’s Mixes, ingredients, formulae, recipes and methods of preparing certain food products, and methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sale and promotional techniques and knowledge of, and experience in, the operation of the franchised business (“confidential information”). All information, knowledge, know-how and techniques that Rita’s specifically designates as confidential is deemed to be confidential information. You do not acquire any interest in the confidential information, other than the right to utilize it in the operation your Shop during the term of the

Franchise Agreements. Under the Franchise Agreements, you agree that using or duplicating the confidential information for use outside the System constitutes an unfair method of competition. Rita's will disclose the confidential information to you solely on the following conditions: (1) that you do not use the confidential information in any other business or capacity during and after the term of the Franchise Agreements; (2) that you maintain the absolute confidentiality of the confidential information during and after the term of the Franchise Agreements; (3) that you do not make unauthorized copies of any portion of the confidential information and that you maintain restrictions on disclosing confidential information to your employees by reasonable methods; and (4) that you do not disclose or permit access to any confidential information by any person, except for employees of your Shop who require such access for you to perform your obligations under the Franchise Agreements. Rita's will furnish the Rita's System Manuals to you, which includes various recipes for the Rita's frozen dessert products.

Item 15: Obligation to Participate in the Actual Operation of the Franchise Business

Rita's recommends that you personally participate in the direct operation of the franchised business. However, your personal on-premises supervision is not required if the day-to-day operation of your Shop is supervised by an approved manager who has satisfactorily completed Rita's training program. Franchisees who do not devote their full time to the establishment, operation, and supervision of their Shops, may have lower sales, higher costs, and less name recognition. Even if you do not personally supervise the operation of your Shop, you must attend and satisfactorily complete Rita's training program. If the franchisee is not an individual, a principal of the franchisee must attend and satisfactorily complete training. You must furnish your (or your approved manager, if you operate the Shop principally through a manager, must furnish his or her) personal full-time attention and best efforts to the management and operation of the Shop. You are not (or your manager is not, as applicable) permitted to engage in or be connected with any other business or activity that interferes with the franchised business. You are not restricted as to whom you may hire as a manager for the Shop except that your manager must satisfactorily complete our training program. See Item 11 for a description of Rita's training program. Your manager need not have any equity interest in the franchised business.

Either you or your manager must devote full-time energy and best efforts to the management and operation of the Shop including management, supervising employees and assisting guests. All managerial personnel must complete Rita's initial training program. Only you, your managerial personnel trained by Rita's, or another approved individual trained by Rita's, may be involved in the manufacture and production of the Italian ice or other System products prepared with a mix unless otherwise agreed in writing. See Item 11 for a description of Rita's training program. Your manager must enter into confidentiality and nondisclosure agreements in a form required by Rita's, upon Rita's request.

You, all owners of the franchised business, and all spouses of you and the owners must sign a personal guaranty, meaning that you are personally, jointly, and severally liable for the obligations of the franchisee under the Franchise Agreement.

Item 16: Restrictions on What the Franchisee May Sell

You may sell or offer only such menu items, products, and services as Rita's has expressly approved in writing; and must sell or offer all types of menu items, products, and services which Rita's specifies. You may not deviate from Rita's standards or specification without Rita's prior written consent including as to promotional or give away items. You must discontinue selling and offering any unapproved menu items, products or services, or any menu items, products or services which Rita's may, in its discretion, disapprove in writing at any time. The Franchise Agreements do not limit our right to

make changes in the types of approved goods. We have the right to add additional approved goods and products that you must offer.

You must participate in Rita’s gift card program for all Rita’s shops operating under the System, as prescribed by Rita’s in the System Manuals or otherwise in writing, including selling and offering for sale Rita’s gift cards which may be redeemed at any Rita’s shop for menu items or products, and permitting guests who purchased gift cards from another Rita’s shop or Rita’s to redeem their gift cards for menu items or products at your Rita’s Shop. You will be reimbursed by Rita’s for the full dollar amount of gift cards redeemed at your Rita’s Shop. Under the Franchise Agreements, you agree to use, in the preparation of the Proprietary Products, such Rita’s Mixes, standards, specifications, and procedures as prescribed by Rita’s. The Rita’s Mixes are essential to the preparation and taste of the Proprietary Products, including the Italian ice and frozen custard, served at the Shop; the Rita’s Mixes are proprietary trade secrets used in the System; and use of such Rita’s Mixes is an essential part of the operation of the Shop. You must acquire the Rita’s Mixes from such supplier(s), which may include Rita’s or its affiliates, as Rita’s designates in the Manual or otherwise in writing from time-to-time. Rita’s may from time-to-time, expressly approve for sale in writing as specified in the Manual or otherwise, certain other menu items and products prepared by utilizing a Rita’s Mix. See also Item 8.

All Proprietary Products prepared by you from a Rita’s Mix must be prepared, stored, maintained and served in strict conformity with Rita’s standards, specifications and procedures, as Rita’s may specify in the Manual or otherwise in writing from time-to-time. Any Proprietary Product for which Rita’s standards, specifications and procedures require the use of a Rita’s Mix, including Italian ice and frozen custard, will be prepared solely with a Rita’s Mix and no other mix. All System products you prepare from a Rita’s Mix must be served in a fresh and tasty condition. You may not sell or offer for sale any stale or inferior-grade Proprietary Products prepared by you from a Rita’s Mix. You may use and display only the standard menu format which Rita’s provides. All products sold or offered for sale at the Shop must meet Rita’s then-current standards and specifications. You may not install nor permit to be installed, without Rita’s prior written approval, any vending machine, game or similar coin-operated device, any pay telephones, newspaper racks, concession stands, jukeboxes, gum machines, games, rides or coin vending machines. You may not sell, offer for sale or permit any other party to sell or offer to sell alcoholic or intoxicating beverages or products in connection with the franchised business, and, except as otherwise permitted by Rita’s in writing, must refrain from selling or distributing to any other Rita’s franchisee any products to be sold from the Shop.

Item 17: Renewal, Termination, Transfer, and Dispute Resolution

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

THE FRANCHISE RELATIONSHIP

Franchise Agreement

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	2.1	10 years.

	Provision	Section in Franchise Agreement	Summary
b.	Renewal or extension of the term	2.2	One additional 10-year term if certain conditions are met.
c.	Requirements for you to renew or extend	2.2.1-2.2.9	You notify Rita's; you renovate; you are not in default of any agreement with Rita's; you do not owe any money to Rita's, its affiliates, or principals; you have the right to maintain possession of the Approved Location for the duration of the renewal term; you sign a new franchise agreement, which may contain materially different terms than your initial franchise agreement; you sign a general release; you qualify and complete training; and you pay a renewal fee.
d.	Termination by you	No provision	Not applicable.
e.	Termination by Rita's without cause	No provision	Not applicable.
f.	Termination by Rita's with cause	15.3	Rita's has the right to terminate with cause.
g.	"Cause" defined – curable defaults	15.3.1-15.3.7	You have 14 days to cure: non-compliance with Franchise Agreement; non-payment of monies; non-submission of reports; failure to maintain prescribed specifications, standards or procedures; failure to obtain Rita's required prior approval or consent; actions inconsistent with or contrary to your lease; product and service quality, and sanitation problems; loss of certificates or license; using confusingly similar names or marks; and others.
h.	"Cause" defined – non-curable defaults	15.1, 15.2	Non-curable defaults include: insolvency, bankruptcy, dissolution, foreclosure or other similar filings or proceedings; final or unsatisfied judgments; failure to locate a site or to open; failure to complete training; breach of the Code of Conduct abandonment; loss of premises; conviction of crimes; health or safety dangers; unapproved transfers; approved transfer not timely effected; failure to comply with covenant provisions; disclose confidential information; maintain false books or submit false reports; trademark misuse; refusal to permit inspections; failure to timely cure default; repeated defaults even if cured; two or more defaults in any 12 month period; default under other agreement or promissory note with Rita's or its affiliates; and others.
i.	Your obligations on termination/ Non-renewal	16	Obligations include: cease operations of the Shop; de-identification; assignment of right to possess premises; payment of amounts due to Rita's and affiliates; return Manual and all other confidential information; sale to Rita's of the inventory, furnishings, equipment, signs, fixtures, stationery, letterhead, forms packaging and advertising materials which Rita's desires to purchase; compliance with post termination covenant not to compete; and others.

	Provision	Section in Franchise Agreement	Summary
j.	Assignment of contract by Rita's	14.1	No restriction on Rita's right to transfer or assign.
k.	"Transfer" by you – defined	14.2	Includes transfer of contract or assets, or ownership change.
l.	Rita's approval of transfer by you	14.2	Rita's must approve all transfers, and Rita's has right of first refusal to acquire any proposed transfer of interest.
m.	Conditions for Rita's approval of transfer	14.3	Conditions include: timely written notification to Rita's of proposed transfer; your monetary and other obligations have been satisfied; you are not in default of any provision of any agreement with Rita's or its affiliates; transferor signs general release; transferee enters into a written assignment and guaranty, if applicable; transferee meets Rita's qualifications; transferee signs new franchise agreement; transferor refurbishes the Shop; you remain liable for all of the obligations to Rita's which arose before the transfer and which extend beyond the term of the Franchise Agreement, and that you sign all instruments which Rita's reasonably requests to evidence such liability; transferee completes training; you pay a transfer fee; Rita's has been offered right to assume controlling interest of transferor; and others.
n.	Rita's right of first refusal to acquire your business	14.6	Rita's has right of first refusal to acquire any proposed transfer of interest.
o.	Rita's option to purchase your business	16.4, 16.8, 16.9	See Item 17(i), above.
p.	Your death or disability	14.7	Upon the death or mental incapacity of any person holding any interest in the Franchise Agreement, in you, or in substantially all of the assets of your Shop, an approved transfer must occur within 9 months.
q.	Non-competition covenants during the term of the franchise	17.2	You may not: compete with the business of your Shop or any System Shop; employ or seek to employ any person who is employed by Rita's or any System franchisee or developer; or engage in, act as consultant for, perform, services for, or have any interest in any retail business which is substantially similar to a Rita's shop or sells substantially similar products as a Rita's shop.
r.	Non-competition covenants after the franchise is terminated or expires	17.3	For 2 years after termination or expiration, you may not: engage in, act as consultant for, perform, services for, or have any interest in any retail business which: (1) is substantially similar to a Rita's shop or sells substantially similar products as a Rita's shop products offered by a Rita's shop; and which (2) is located within 3 miles of any franchisee's territory or 3 miles of any Rita's shop.
s.	Modification of the Franchise Agreement	23	All amendments, changes or variances from the Franchise Agreement must be in writing.

	Provision	Section in Franchise Agreement	Summary
t.	Integration/ merger clause	23	The Franchise Agreement and all referenced and attached documents constitute the entire, full and complete agreement between the parties. Nothing in the Franchise Agreement is intended to disclaim the representations made in this disclosure document.
u.	Jurisdiction and Venue	25.2	All disputes between the parties shall be brought in any court of general jurisdiction in Philadelphia County, Pennsylvania or the United States District Court for the Eastern District of Pennsylvania.
v.	Dispute resolution by arbitration or mediation	25.3, 25.4	At the Company's sole discretion, disputes and claims relating to the Franchise Agreement will be settled by mediation and then arbitration at the American Arbitration Association Dispute Resolution Center in Philadelphia, Pennsylvania.
w.	Choice of law	25.1	Pennsylvania law applies, subject to state law.

The Fixed Location Satellite Unit Agreement

	Provision	Section in Fixed Location Satellite Unit Agreement	Summary
a.	Length of the franchise term	2.1	Expires the same date as Franchisee's Rita's Franchise Agreement.
b.	Renewal or extension of the term	2.2	One additional 10-year term if certain conditions are met.
c.	Requirements for you to renew or extend	2.2.1-2.2.9	You notify Rita's; you renovate; you are not in default of any agreement with Rita's; you do not owe any money to Rita's, its affiliates, or principals; you have the right to maintain possession of the Approved Location for the duration of the renewal term; you sign a new franchise agreement, which may contain materially different terms than your initial franchise agreement; you sign a general release; you qualify and complete training; and you pay a renewal fee.
d.	Termination by you	No provision	Not applicable.
e.	Termination by Rita's without cause	No provision	Not applicable.
f.	Termination by Rita's with cause	15.3	Rita's has the right to terminate with cause.

	Provision	Section in Fixed Location Satellite Unit Agreement	Summary
g.	“Cause” defined – curable defaults	15.3.1-15.3.7	You have 14 days to cure: non-compliance with Franchise Agreement; non-payment of monies; non-submission of reports; failure to maintain prescribed specifications, standards or procedures; failure to obtain Rita’s required prior approval or consent; actions inconsistent with or contrary to your lease; product and service quality, and sanitation problems; loss of certificates or license; using confusingly similar names or marks; and others.
h.	“Cause” defined – non-curable defaults	15.1, 15.2	Non-curable defaults include: insolvency, bankruptcy, dissolution, foreclosure or other similar filings or proceedings; final or unsatisfied judgments; failure to locate a site or to open; failure to complete training; breach of the Code of Conduct abandonment; loss of premises; conviction of crimes; health or safety dangers; unapproved transfers; approved transfer not timely effected; failure to comply with covenant provisions; disclose confidential information; maintain false books or submit false reports; trademark misuse; refusal to permit inspections; failure to timely cure default; repeated defaults even if cured; two or more defaults in any 12 month period; default under other agreement or promissory note with Rita’s or its affiliates; and others.
i.	Your obligations on termination/ Non-renewal	16	Obligations include: cease operations of the Shop; de-identification; assignment of right to possess premises; payment of amounts due to Rita’s and affiliates; return Manual and all other confidential information; sale to Rita’s of the inventory, furnishings, equipment, signs, fixtures, stationery, letterhead, forms packaging and advertising materials which Rita’s desires to purchase; compliance with post termination covenant not to compete; and others.
j.	Assignment of contract by Rita’s	14.1	No restriction on Rita’s right to transfer or assign.
k.	“Transfer” by you – defined	14.2	Includes transfer of contract or assets, or ownership change.
l.	Rita’s approval of transfer by you	14.2	Rita’s must approve all transfers, and Rita’s has right of first refusal to acquire any proposed transfer of interest.

	Provision	Section in Fixed Location Satellite Unit Agreement	Summary
m.	Conditions for Rita's approval of transfer	14.3	Conditions include: timely written notification to Rita's of proposed transfer; your monetary and other obligations have been satisfied; you are not in default of any provision of any agreement with Rita's or its affiliates; transferor signs general release; transferee enters into a written assignment and guaranty, if applicable; transferee meets Rita's qualifications; transferee signs new franchise agreement; transferor refurbishes the Shop; you remain liable for all of the obligations to Rita's which arose before the transfer and which extend beyond the term of the Franchise Agreement, and that you sign all instruments which Rita's reasonably requests to evidence such liability; transferee completes training; you pay a transfer fee; Rita's has been offered right to assume controlling interest of transferor; and others.
n.	Rita's right of first refusal to acquire your business	14.6	Rita's has right of first refusal to acquire any proposed transfer of interest.
o.	Rita's option to purchase your business	16.4, 16.8, 16.9	See Item 17(i), above.
p.	Your death or disability	14.7	Upon the death or mental incapacity of any person holding any interest in the Franchise Agreement, in you, or in substantially all of the assets of your Shop, an approved transfer must occur within 9 months.
q.	Non-competition covenants during the term of the franchise	17.2	You may not: compete with the business of your Shop or any System Shop; employ or seek to employ any person who is employed by Rita's or any System franchisee or developer; or engage in, act as consultant for, perform, services for, or have any interest in any retail business which is substantially similar to a Rita's shop or sells substantially similar products as a Rita's shop.
r.	Non-competition covenants after the franchise is terminated or expires	17.3	For 2 years after termination or expiration, you may not: engage in, act as consultant for, perform, services for, or have any interest in any retail business which: (1) is substantially similar to a Rita's shop or sells substantially similar products as a Rita's shop products offered by a Rita's shop; and which (2) is located within 3 miles of any franchisee's territory or 3 miles of any Rita's shop.
s.	Modification of the Franchise Agreement	23	All amendments, changes or variances from the Franchise Agreement must be in writing.
t.	Integration/merger clause	23	The Franchise Agreement and all referenced and attached documents constitute the entire, full and complete agreement between the parties. Nothing in the Franchise Agreement is intended to disclaim the representations made in this disclosure document.

	Provision	Section in Fixed Location Satellite Unit Agreement	Summary
u.	Jurisdiction and Venue	25.2	All disputes between the parties shall be brought in any court of general jurisdiction in Philadelphia County, Pennsylvania or the United States District Court for the Eastern District of Pennsylvania.
v.	Dispute resolution by arbitration or mediation	25.3, 25.4	At the Company's sole discretion, disputes and claims relating to the Franchise Agreement will be settled by mediation and then arbitration at the American Arbitration Association Dispute Resolution Center in Philadelphia, Pennsylvania.
w.	Choice of law	25.1	Pennsylvania law applies, subject to state law.

The Express Unit Agreement

	Provision	Section in Express Unit Agreement	Summary
a.	Length of the franchise term	2.1	10 years.
b.	Renewal or extension of the term	2.2	One additional 10-year term if certain conditions are met.
c.	Requirements for you to renew or extend	2.2.1-2.2.9	You notify Rita's; you renovate; you are not in default of any agreement with Rita's; you do not owe any money to Rita's, its affiliates, or principals; you have the right to maintain possession of the Approved Location for the duration of the renewal term; you sign a new franchise agreement, which may contain materially different terms than your initial franchise agreement; you sign a general release; you qualify and complete training; and you pay a renewal fee.
d.	Termination by you	No provision	Not applicable.
e.	Termination by Rita's without cause	No provision	Not applicable.
f.	Termination by Rita's with cause	15.3	Rita's has the right to terminate with cause.

	Provision	Section in Express Unit Agreement	Summary
g.	“Cause” defined – curable defaults	15.3.1-15.3.7	You have 14 days to cure: non-compliance with Franchise Agreement; non-payment of monies; non-submission of reports; failure to maintain prescribed specifications, standards or procedures; failure to obtain Rita’s required prior approval or consent; actions inconsistent with or contrary to your lease; product and service quality, and sanitation problems; loss of certificates or license; using confusingly similar names or marks; and others.
h.	“Cause” defined – non-curable defaults	15.1, 15.2	Non-curable defaults include: insolvency, bankruptcy, dissolution, foreclosure or other similar filings or proceedings; final or unsatisfied judgments; failure to locate a site or to open; failure to complete training; breach of the Code of Conduct abandonment; loss of premises; conviction of crimes; health or safety dangers; unapproved transfers; approved transfer not timely effected; failure to comply with covenant provisions; disclose confidential information; maintain false books or submit false reports; trademark misuse; refusal to permit inspections; failure to timely cure default; repeated defaults even if cured; two or more defaults in any 12 month period; default under other agreement or promissory note with Rita’s or its affiliates; and others.
i.	Your obligations on termination/ Non-renewal	16	Obligations include: cease operations of the Shop; de-identification; assignment of right to possess premises; payment of amounts due to Rita’s and affiliates; return Manual and all other confidential information; sale to Rita’s of the inventory, furnishings, equipment, signs, fixtures, stationery, letterhead, forms packaging and advertising materials which Rita’s desires to purchase; compliance with post termination covenant not to compete; and others.
j.	Assignment of contract by Rita’s	14.1	No restriction on Rita’s right to transfer or assign.
k.	“Transfer” by you – defined	14.2	Includes transfer of contract or assets, or ownership change.
l.	Rita’s approval of transfer by you	14.2	Rita’s must approve all transfers, and Rita’s has right of first refusal to acquire any proposed transfer of interest.

	Provision	Section in Express Unit Agreement	Summary
m.	Conditions for Rita's approval of transfer	14.3	Conditions include: timely written notification to Rita's of proposed transfer; your monetary and other obligations have been satisfied; you are not in default of any provision of any agreement with Rita's or its affiliates; transferor signs general release; transferee enters into a written assignment and guaranty, if applicable; transferee meets Rita's qualifications; transferee signs new franchise agreement; transferor refurbishes the Shop; you remain liable for all of the obligations to Rita's which arose before the transfer and which extend beyond the term of the Franchise Agreement, and that you sign all instruments which Rita's reasonably requests to evidence such liability; transferee completes training; you pay a transfer fee; Rita's has been offered right to assume controlling interest of transferor; and others.
n.	Rita's right of first refusal to acquire your business	14.6	Rita's has right of first refusal to acquire any proposed transfer of interest.
o.	Rita's option to purchase your business	16.4, 16.8, 16.9	See Item 17(i), above.
p.	Your death or disability	14.7	Upon the death or mental incapacity of any person holding any interest in the Franchise Agreement, in you, or in substantially all of the assets of your Shop, an approved transfer must occur within 9 months.
q.	Non-competition covenants during the term of the franchise	17.2	You may not: compete with the business of your Shop or any System Shop; employ or seek to employ any person who is employed by Rita's or any System franchisee or developer; or engage in, act as consultant for, perform, services for, or have any interest in any retail business which is substantially similar to a Rita's shop or sells substantially similar products as a Rita's shop.
r.	Non-competition covenants after the franchise is terminated or expires	17.3	For 2 years after termination or expiration, you may not: engage in, act as consultant for, perform, services for, or have any interest in any retail business which: (1) is substantially similar to a Rita's shop or sells substantially similar products as a Rita's shop products offered by a Rita's shop; and which (2) is located within 3 miles of any franchisee's territory or 3 miles of any Rita's shop.
s.	Modification of the Franchise Agreement	23	All amendments, changes or variances from the Franchise Agreement must be in writing.
t.	Integration/merger clause	23	The Franchise Agreement and all referenced and attached documents constitute the entire, full and complete agreement between the parties. Nothing in the Franchise Agreement is intended to disclaim the representations made in this disclosure document.

	Provision	Section in Express Unit Agreement	Summary
u.	Jurisdiction and Venue	25.2	All disputes between the parties shall be brought in any court of general jurisdiction in Philadelphia County, Pennsylvania or the United States District Court for the Eastern District of Pennsylvania.
v.	Dispute resolution by arbitration or mediation	25.3, 25.4	At the Company's sole discretion, disputes and claims relating to the Franchise Agreement will be settled by mediation and then arbitration at the American Arbitration Association Dispute Resolution Center in Philadelphia, Pennsylvania.
w.	Choice of law	25.1	Pennsylvania law applies, subject to state law.

Item 18: Public Figures

Rita's does not use any public figure to promote its 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.

Included in this Item 19 are Rita's estimates of (1) 2012 average sales of Proprietary Products at franchised Shops ("Average Sales"), described in Section I, below, and (2) 2012 average food costs for ingredients for the Proprietary Products at franchised Shops ("Costs of Goods Sold"), described in Section II, below. **No Financial Performance Representations are being made on the Fixed Satellite Unit, the Mobile Satellite Unit or the Express Unit.**

I. 2012 AVERAGE SALES OF PROPRIETARY PRODUCTS AT FRANCHISED SHOPS

The following chart represents our estimates of the Average Sales of franchised Shops for Italian ice, gelati, frozen custard, Misto shakes, and Blendini in 2012:

*	Top Third	Middle Third	Bottom Third
Number of Shops	164	164	164
Range of Sales:			
High	\$698,153	\$276,092	\$201,059
Low	\$276,396	\$201,406	\$56,656
Average	\$343,730	\$237,362	\$156,047

*If a Franchisee also has a Mobile Unit the sales of the Mobile Unit are included with the

sales of the Standard Shop. There is not enough information to report sales of Express Units and Fixed Location Satellite Units as they have only been offered since March 2012, but sales information for these unit types will be reported in the future.

Although Rita's obtained reports from Franchisees as to Gross Sales at franchised Shops for the 2012 season for marketing and research purposes, Rita's is not able to independently verify reported sales. In preparing the Average Sales figure for this Item 19, Rita's estimated Average Sales from franchised Shops. Reported sales were typically lower than estimated Average Sales. As stated in Item 6 of this disclosure document, Royalty Fees and Advertising Fees on Proprietary Products are based on estimated sales. Rita's describes below how Rita's estimated the Average Sales contained in this Item 19.

The sales estimates described in this Item 19 represent only the sales by Franchisees of Proprietary Products containing the proprietary Rita's Mixes. These Proprietary Products were Italian ice, gelati, frozen custard, Misto shakes, and Blendini. Not included in the sales calculations described in this Item 19 are any other products sold by Franchisees, such as pretzels and promotional items.

The information in the Chart above is based on Shops that have been open for at least 1 full season. Shops opened less than 1 full season are not included in the calculations. A full season is defined as 1 entire selling season for which Rita's requires operation and the Shop must be opened at least 5 days before spring. Florida franchised Shops may have been open for as many as 10 to 12 months. Where a Shop was open for a period longer than the selling season, all sales for such Shop were included in Rita's determination of Average Sales.

The Chart divides franchisees into three categories (Top Third, Middle Third, and Bottom Third), based on their sales as compared with the sales for the 492 total Shops considered in arriving at these figures. 63 franchisees (38% of the Shops in the Top Third) attained or surpassed the average sales for the Top Third; 79 franchisees (48% of the Shops in the Middle Third) attained or surpassed the average sales for the Middle Third; and 95 franchisees (58% of the Shops in the Bottom Third) attained or surpassed the average sales for the Bottom Third. The average sales represent the average sales for franchisees within each category. High sales and Low sales represent the Franchisee within each category that attained the highest and lowest sales.

As noted in Item 6 of this disclosure document, each Franchisee must pay to Rita's a Royalty Fee in the amount of 6 ½ % of the projected sales to be made by a Franchisee based on a Franchisee's purchase of Rita's proprietary Rita's Mixes. In calculating the Royalty Fee, Rita's estimates the projected sales that can be expected to be made from a Franchisee's purchase of Rita's Mixes, based on the amount of Rita's Mixes required for use in Rita's recipes for each product.

In calculating the Average Sales, Rita's estimated Franchisees' Average Sales based on the amount of Rita's Mixes purchased, Franchisees' prices, and the percentage of each type of Proprietary Product sold by Franchisees relative to all Proprietary Products sold (the "Product Percentages"). The historical data from which Rita's calculated the Product Percentages was provided to Rita's by each franchisee via weekly reporting of retail sales figures for each product during the 2012 season. Rita's knows the prices charged by each Franchisee because each Franchisee must notify Rita's of its prices so that Rita's may calculate the Royalty Fee to be paid by such Franchisee. The numbers in the chart above have been rounded to the nearest thousand.

Franchisee's Sales are generally lower during the first several years of operation for franchised Shops. Therefore, franchised Shops open for the first two to three years may be more likely than other franchised Shops to be in the Bottom Third in sales.

* * *

The Product Percentages for the 2012 season, as determined from Franchisees' franchised Shop register tapes (described in I, above) are described below. The Product Percentages vary based upon a Franchisee's location.

Proprietary Product	Percentage of All Proprietary Products Reported for Sale
ITALIAN ICE	35.3%
GELATI	26.7%
CUSTARD	20.1%
MISTO SHAKE	5.7%
BLENDINI	6.2%
MISCELLANEOUS	6.0%
<u>TOTAL</u>	<u>100.00 %</u>

In calculating the Royalty Fee and Average Sales above Rita's assumed certain "usage" and "wastage" figures for franchisees. Rita's measures Franchisees' "usage" figures by comparing (1) the expected yield for Rita's Mixes that Rita's calculates and (2) the amount of Proprietary Products sold using such mixes. Rita's defines "wastage" as the Rita's Mix that will not be used in Proprietary Products that are sold (e.g., product that will be thrown away or given away in connection with promotions). Usage estimates vary among the franchisees' location. Such usage figures vary widely for some franchisees, and are much higher for some franchisees. Rita's believes that the reason for the variation is due to a variety of factors including certain Franchisees' reporting, give-away programs, over-portioning, internal theft, changes in product mix, the timing of the purchases, inexperience, and wastage. In calculating the Royalty Fee and Average Sales, Rita's assumed that some "wastage" would occur, as there is a certain amount of "wastage" that occurs in all sales of Proprietary Products that use the Rita's Mix. The Royalty Fee calculation for the 2012 season provided for 7% wastage. Accordingly, for purposes of the calculations above, when Rita's estimated projected sales on which a Franchisee owed Rita's a Royalty Fee, Rita's reduced its projections of sales expected to be made from a given amount of Rita's Mixes by 7%.

II. 2012 COSTS OF GOODS SOLD FOR PROPRIETARY PRODUCTS AT FRANCHISED SHOPS

Rita's estimates that Rita's Franchisees' Costs of Goods Sold represent 19% of Franchisees' revenue from sales of the products. Rita's has calculated the estimated Costs of Goods Sold of 19% based on (1) portions for ingredients reported in Rita's proprietary recipes, (2) 2012 prices for such ingredients, (3) the System-wide average selling price in 2012 for each Proprietary Product sold, (4) a weighted average of Proprietary Products sold as determined by Franchisee reports of Product Percentages in 2012 (as defined in Section I, above), and (5) average cost of paper and packaging in 2012. Rita's calculation of Costs of Goods Sold assumes that proper recipes are followed, Franchisees adhere to proper serving sizes for Proprietary Products, and Franchisees maintain product wastage levels of 7%.

Rita's does not obtain reports from Franchisees as to Costs of Goods Sold at franchised Shops. Accordingly, to prepare the Costs of Goods Sold figures in this Item 19 it was necessary for Rita's to estimate the Costs of Goods Sold figures from franchised Shops. Rita's does not know what percentage of Franchisees incurred actual Costs of Goods Sold higher or lower than the estimated Costs of Goods Sold of 19%. Rita's describes below how it estimated the Costs of Goods Sold contained in this Item 19.

The calculation of Costs of Goods Sold contained in this Item 19 represents Costs of Goods Sold only for the products that Rita's requires each Franchisee to sell (*i.e.*, kids, regular, large and quart Italian ice; regular and large gelati; kids, regular and large custard; regular and large Misto shakes; and Blendinis). As described in Section I, above, each franchisee provided its historical data to Rita's via weekly reporting of retail sales figures for each product during the 2012 season. Rita's used this data to estimate the Costs of Goods Sold in the 2012 season. Rita's can estimate the total cost of the ingredients for each Proprietary Product because the recipes for each Proprietary Product are prescribed by Rita's, Franchisees were required in 2012 to purchase the Rita's Mixes from Rita's, and Franchisees may also purchase the remaining ingredients from Rita's. Rita's has used the prices it charged in 2012 to Franchisees for ingredients. Rita's has determined the average selling price (not including sales tax) for each Proprietary Product during the 2012 season based on the prices submitted by Franchisees. In order to approximate the food costs resulting from wastage, in calculating Costs of Goods Sold for this Item 19, Rita's reduced the average selling price for each Proprietary Product by 7%. To determine the total pre-tax sales represented by the register tapes, as adjusted to reflect wastage, Rita's multiplied the adjusted average selling price by the number of units of each Proprietary Product sold (as reflected on the register tapes). Rita's also estimated the total cost of ingredients necessary to produce the total sales represented by the register tapes by multiplying the total number of each Proprietary Product sold by the estimated total costs for the ingredients for each item. Rita's determined estimated total costs for all sales represented by the register tapes by adding the estimated total costs for each Proprietary Product. Rita's determined Costs of Goods Sold by dividing the estimated total costs by the pre-tax adjusted sales. From this calculation, Rita's determined Costs of Goods Sold to be 19% of Franchisees' sales of all Proprietary Products.

As described in Item 6, above, each Franchisee must pay to Rita's a Royalty Fee based upon the amount of Rita's Mixes purchased by the Franchisee. This Royalty Fee has not been included in the calculations to determine Costs of Goods Sold in this Item 19. As a Franchisee, payment of the Royalty Fee would be an additional cost.

The calculations in this Item 19 used in determining Costs of Goods Sold are made under the assumption that Franchisees adhere to Rita's proprietary recipes and serving sizes. Although Rita's has provided each Franchisee with training and support to assist each Franchisee in adhering to these recipes and serving sizes, Rita's Franchisees have indicated to Rita's that an indeterminate number of Franchisees may serve portions to guests larger than those Rita's specifies. However, Rita's strongly encourages Franchisees to adhere to Rita's standards, specifications and portion controls for purposes of System consistency.

Costs of Goods Sold vary depending on store location, menu, Product Percentages, seasonal variances in raw material prices, and Franchisees' ability to effectively control costs. The average new Franchisee generally finds the first year of operation of each franchised Shop to be the most challenging. During the first year of operation a new Franchisee typically experiences higher wastage levels due to sampling, couponing and other promotional programs designed to build brand and product acceptance and due to higher amounts of "throw-aways" resulting from inexperience in planning. Historical costs do not correspond to future costs because of factors such as inflation, changes in menu and market driven changes in raw material costs.

* * * * *

Rita's obtained reports from Franchisees as to Gross Sales at franchised Shops for the 2012 season for marketing and research purposes, but we have not relied on these reports in this Item 19 because we cannot independently verify reported sales. (Reported sales are typically less than estimated

Average Sales.) Actual sales and food costs vary from franchise to franchise, and Rita's cannot estimate the sales or food costs for a particular franchise. As stated in Item 6 of this disclosure document, Royalty Fees and Advertising Fees are based on estimated sales. Rita's recommends that you make your own independent investigation to determine whether or not the franchise may be profitable, and consult with an attorney and other advisors before signing the Development Agreement or the Franchise Agreement.

Rita's will make available to you for inspection and review before your purchase of a franchise the data used in formulating the information contained in this Item 19 upon your reasonable request.

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

Other than the preceding financial performance representation, Rita's 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 Rita's Franchise Company, Franchise Department at 1210 Northbrook Drive, Suite 310, Treose, PA 19053 and (800) 677-7482, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Outlets and Franchisee Information

Table 20.1 Systemwide Outlet Summary For years 2010 to 2012				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2010	560	552	-8
	2011	552	545	-7
	2012	545	552	7
Company-Owned	2010	2	1	-1
	2011	1	1	0
	2012	1	0	-1
Total Outlets	2010	562	553	-9
	2011	553	546	-7
	2012	546	552	6

Table 20.2 Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For years 2010 to 2012		
State	Year	Number of Transfers
Connecticut	2010	0
	2011	0
	2012	0
Delaware	2010	1
	2011	3
	2012	0
Florida	2010	2
	2011	1
	2012	1
Georgia	2010	1
	2011	0

	2012	1
Maryland	2010	1
	2011	4
	2012	4
New Jersey	2010	3
	2011	9
	2012	6
New York	2010	0
	2011	0
	2012	1
North Carolina	2010	2
	2011	2
	2012	0
Ohio	2010	1
	2011	0
	2012	0
Pennsylvania	2010	9
	2011	21
	2012	5
Virginia	2010	0
	2011	0
	2012	0
Tennessee	2010	0
	2011	1
	2012	1
Texas	2010	0
	2011	1
	2012	0
Total	2010	20
	2011	40
	2012	19

**Table 20.3
Status of Franchised Outlets
For Years 2010 to 2012**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operation – Other Reasons	Outlets at End of Year
Arizona	2010	0	0	0	0	0	0	0
	2011	0	2	0	0	0	0	2
	2012	2	3	0	0	0	0	5
Connecticut	2010	10	1	0	0	0	0	11
	2011	11	0	0	0	0	0	11
	2012	11	0	0	0	0	0	14*
Delaware	2010	21	0	1	0	0	0	20
	2011	20	0	0	0	0	0	20
	2012	20	0	0	0	0	1**	19
District of Columbia	2010	3	2	0	0	0	1	4
	2011	4	0	1	0	0	0	3
	2012	3	0	0	0	0	0	5*
Florida	2010	35	4	6	0	0	0	33
	2011	33	1	6	0	0	0	28
	2012	28	0	4	0	0	3	23*
Georgia	2010	14	2	4	0	0	0	12
	2011	12	1	1	0	0	0	12
	2012	12	0	0	0	0	5	7
Maryland	2010	76	2	2	0	0	0	76
	2011	76	0	1	0	0	0	75
	2012	75	2	1	1	0	0	81*
Massachusetts	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Nevada	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
New Jersey	2010	125	0	6	0	0	1	118
	2011	118	1	0	1	0	1	117
	2012	117	4	3	0	0	1	118*
New York	2010	14	1	1	0	0	0	14
	2011	14	1	0	0	0	0	15
	2012	15	0	0	0	0	2	13
North Carolina	2010	19	2	2	0	0	0	19
	2011	19	4	1	0	0	0	21
	2012	21	0	1	0	0	2	18
Ohio	2010	10	0	1	0	0	0	9
	2011	9	0	1	0	0	0	8
	2012	8	0	1	0	0	0	7

Pennsylvania	2010	197	4	5	2	0	0	194
	2011	194	4	8	0	0	2	188
	2012	188	5	4	2	0	0	196*
Rhode Island	2010	2	0	0	0	0	0	2
	2011	2	0	1	0	0	0	1
	2012	1	0	0	0	0	0	1
South Carolina	2010	10	1	0	0	0	0	11
	2011	11	0	1	0	0	0	10
	2012	10	0	2	0	0	2	6
Tennessee	2010	4	0	0	0	0	0	4
	2011	4	1	0	0	0	0	5
	2012	5	0	0	0	0	1	4
Texas	2010	3	3	0	0	0	0	6
	2011	6	3	0	0	0	0	9
	2012	9	3	0	0	0	1***	11
Virginia	2010	15	2	0	0	0	0	17
	2011	17	0	0	0	0	0	17
	2012	17	3	1	0	0	0	21*
West Virginia	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Total	2010	560	23	28	2	0	2	552
	2011	552	18	21	1	0	3	545
	2012	545	21	17	3	0	18	552*

* A new unit type, Fixed Location Satellite, was added to the Rita's System in 2012 and some existing outlets that were previously not counted as outlets were categorized to now be included as Fixed Location Satellite Units.

**The following location was closed in 2012 pending relocation: Kirkwood II, 1730 West Newport Pike, DE.

*** The following location was closed in 2012 pending relocation: Flower Mound, 1181 Flower Mound Road, Flower Mound, TX 75028.

Table 20.4 Status of Company-Owned Outlets For Years 2010 to 2012							
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Florida	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
New Jersey	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
New York	2010	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
Ohio	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
Pennsylvania	2010	2	0	0	0	0	2
	2011	2	0	1	0	0	1
	2012	1	0	0	1	0	0
Total	2010	2	0	0	0	0	2
	2011	2	0	0	0	0	1
	2012	1	0	0	1	0	0

**Table 20.5
Projected Openings as of December 31, 2012**

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
Alabama	0	0	0
Arizona	2	1	0
California	39	7	0
Connecticut	2	1	0
Delaware	0	0	0
District of Columbia	0	0	0
Florida	3	0	0
Georgia	0	0	0
Maryland	2	1	0
Massachusetts	0	0	0
Nevada	2	2	0
New Jersey	2	7	0
New York	5	5	0
North Carolina	1	0	0
Ohio	0	0	0
Pennsylvania	14	8	0
Rhode Island	0	0	0
South Carolina	1	2	0
Tennessee	0	0	0
Texas	10	2	0
Utah	8	1	0
Virginia	3	2	0
West Virginia	1	1	0
Total	98	40	0

Attached as Exhibit D to this disclosure document is a list of the names, addresses and telephone numbers of all franchisees, and the names, city and state and last known business telephone number of every franchisee who had an outlet transferred, terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreements during the previous fiscal year, or who has not communicated with Rita's within 10 weeks of the issuance date of this disclosure document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Rita's. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. In the past three fiscal years only one franchisee has signed such a provision in connection with its settlement of a dispute with Rita's.

Rita's has created Rita's Franchise Advisory Council, Inc. ("RFAC"), a Pennsylvania not for profit corporation. RFAC is located at 1210 Northbrook Drive, Suite 310, Trevoese, Pennsylvania, 19053. The telephone number is 215-645-0039.

The following independent franchisee organization has asked to be included in this disclosure document:

RWI Independent Franchisee Council
c/o John A. Kopena, Director
1556 Spring Meadow Lane
Garnet Valley, PA 19061
Email: johnkopena@aol.com

Item 21: Financial Statements

Attached as Exhibit E to this disclosure document are our audited financial statements for the fiscal years ended December 31, 2010, December 31, 2011, and December 31, 2012.

Item 22: Contracts

Attached to this disclosure document are the following agreements that you may be required to sign:

Exhibit F	Rita's Water Ice Franchise Agreement (with Exhibits A – F)
Exhibit G	SBA Addendum to Franchise Agreement
Exhibit G-1	Rita's Water Ice Mobile Satellite Unit Addendum
Exhibit G-2	Rita's Water Ice Fixed Location Satellite Unit Agreement
Exhibit G-3	Rita's Express Unit Agreement
Exhibit H	Release Agreement
Exhibit I	Big Cup Financing Promissory Note
Exhibit J	Loan Agreement with Promissory Note and Security Agreement

Item 23: Receipts

Attached as the last pages of this disclosure document (Exhibit M) are duplicate receipts. Please sign both copies. Retain one copy for your records and return the "Franchisor Copy" to Franchise Licensing Department, Rita's Water Ice Franchise Company, LLC, 1210 Northbrook Drive, Suite 310, Trevoese, PA 19053.

**EXHIBIT A TO
FRANCHISE DISCLOSURE DOCUMENT**

LIST OF STATE ADMINISTRATORS

CALIFORNIA

Department of Corporations
320 West 4th Street
Suite 750
Los Angeles, California 90013
(866) 275-2677

HAWAII

Securities Examiner
Department of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street
Honolulu, Hawaii 96813

ILLINOIS

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, Illinois 62706

INDIANA

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

KENTUCKY

Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
P.O. Box 2000
Frankfort, Kentucky 40602

MARYLAND

Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 Law Building
Lansing, Michigan 48913

MINNESOTA

Department of Commerce
85 7th Place East
Suite 500
St. Paul, Minnesota 55101-2198

NEBRASKA

Department of Banking and Finance
1200 N Street
Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509

NEW YORK

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

NORTH DAKOTA

Office of Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505

RHODE ISLAND

Department of Business Regulation
Securities Division
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02920

SOUTH DAKOTA

Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501

TEXAS

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
Ninth Floor
1300 East Main Street
Richmond, Virginia 23219

WASHINGTON

Department of Financial Institutions
Securities Division
150 Israel Rd SW
Tumwater WA 98501

WISCONSIN

Franchise Registration Division
Office of the Wisconsin
Commissioner of Securities
101 East Wilson Street
Madison, Wisconsin 53702

**EXHIBIT B TO
FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF AGENTS FOR
SERVICE OF PROCESS**

CALIFORNIA

Commissioner of Corporations
Department of Corporations
320 West 4th Street
Suite 750
Los Angeles, California 90013
(866) 275-2677

HAWAII

Commissioner of Securities of the State of Hawaii
Department of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street
Honolulu, Hawaii 96813

ILLINOIS

Attorney General of the State of Illinois
500 South Second Street
Springfield, Illinois 62706

INDIANA

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

KENTUCKY

Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
P.O. Box 2000
Frankfort, Kentucky 40602

MARYLAND

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 Law Building
Lansing, Michigan 48913

MINNESOTA

Commissioner of Commerce
85 7th Place East
Suite 500
St. Paul, Minnesota 55101-2198

NEBRASKA

Department of Banking and Finance
1200 N Street
Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509

NEW YORK

Secretary of State
162 Washington Avenue
Albany, New York 10271

NORTH DAKOTA

Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505

RHODE ISLAND

Director of Business Regulation
Department of Business Regulation
Building 69-1
John O. Pastore Center
1511 Pontiac Avenue
Cranston, RI 02910

SOUTH DAKOTA

Director of the Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501

TEXAS

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

VIRGINIA

Clerk of the State Corporation Commission
1st Floor
1300 East Main Street
Richmond, Virginia 23219

WASHINGTON

Director of the Department of Financial Institutions
Securities Division
150 Israel Rd SW
Tumwater WA 98501

WISCONSIN

Administrator,
Franchise Registration Division
Office of the Wisconsin
Commissioner of Securities
101 East Wilson Street
Madison, Wisconsin 53702

**EXHIBIT C TO
FRANCHISE DISCLOSURE DOCUMENT**

**TABLE OF CONTENTS
OF SYSTEM MANUALS**

Operations Manual

1. Introduction
2. Business Management
3. Daily Operations
4. Risk Management
5. Personnel Management
6. Marketing
7. Leveraging the Franchise Relationship

Products and Procedures Manual

1. Food Safety
2. Production Guidelines
3. Maintaining Product Quality
4. Product Presentation
5. Equipment and Maintenance
6. Surface Care and Maintenance

Product Recipes Manual

1. Italian Ice Full Batch Recipes
2. Italian Ice Single Batch Recipes
3. Cream Ice Full Batch Recipes
4. Cream Ice Single Batch Recipes
5. Sugar Free Italian Ice Full Container Recipes
6. Sugar Free Italian Ice Half Container Recipes
7. Custard Recipes

**EXHIBIT D TO
FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES AND LIST OF STORES CLOSED OR TRANSFERRED
IN THE PRIOR YEAR**

STORES OPEN AS OF DECEMBER 31, 2012

COMPANY	CONTACT	STORE ADDRESS	ADDRESS2	CITY	STATE	ZIP CODE	PHONE
KN'Ice, LLC	Barbara Knight	8251 W. Union Hills Drive, St. 105		GLENDALE	AZ	85308	602-909-8566
Ice Guys, Inc	Jeff Meskan	740 South Mill Avenue		Tempe	AZ	85281	480-225-5123
New Wrinkle, LLC	Felix R. Cobian	7660 S. McClintock Drive		Tempe	AZ	85284	717-898-8518
AZ Desert Ice, LLC	Joyce Meyers	13864 West Bell Road	Suite 101	Surprise	AZ	85374	717-451-4238
Sandovia, LLC	Aimee S. Klapach	4730 E. Indian School Road	Suite 113	PHOENIX	AZ	85018	602-441-3138
COOL TREATS, LLC	MICHAEL GUERINO	175 Boston Post Road		MILFORD	CT	06460	203-301-4490
WINSTON CONSULTING LLC		279 QUEEN STREET		SOUTHINGTON	CT	06489	860-276-8829
New England Water Ice, LLC	LARRY A. ROEHLER	1783 SILAS DEANE HIGHWAY		ROCKY HILL	CT	06067	860-436-4152
New England Water Ice, LLC	LARRY A. ROEHLER	New Britain Stadium	230 John Karbonic Way	New Britain	CT	06051	860-436-4152
	DEBRA J. WELLS	358 SCOTT SWAMP ROAD		FARMINGTON	CT	06032	860-677-0880
K & DEE ENTERPRISES LLC		28 OCEAN AVENUE		WEST HAVEN	CT	06516	203-931-0031
	REBECCA GIBSON-LIM	1735 ELLINGTON ROAD	STORE #1	SOUTH WINDSOR	CT	06074	860-648-2870
R & M PARTNERS, LLC		269 EAST MAIN STREET		BRANFORD	CT	06405	203-481-4452
	PAUL SCHNEIDER	361 COLMAN STREET		NEW LONDON	CT	06320	860-444-1600
REBECCA'S ICE, LLC		378 KELLY ROAD		VERNON	CT	06066	908-928-9280
NUTMEG WATER ICE, LLC	Kevin Kellogg	1055 HUNTINGTON TURNPIKE	STORE #1	BRIDGEPORT	CT	06610	203-373-1040
NUTMEG WATER ICE, LLC	Kevin Kellogg	Arena at Harbor Yard	600 Main Street	BRIDGEPORT	CT	06610	203-373-1040
NUTMEG WATER ICE, LLC	Kevin Kellogg	Ballpark at Harbor Yard	500 Main Street	BRIDGEPORT	CT	06610	203-373-1040
J & N Water Ice, LLC		1134 New Britain Avenue		West Hartford	CT	06110	860-986-7717

COMPANY	CONTACT	STORE ADDRESS	ADDRESS2	CITY	STATE	ZIP CODE	PHONE
NEW ECONOMIC METHODS, LLC	BRANDON MCNEIL	1014 H Street NE		WASHINGTON	DC	20002	202-388-3169
	RONALD SEALY	610 H Street N.W		WASHINGTON	DC	20001	202-347-3144
BAC 10, LLC	Angela Brock	2318 RHODE ISLAND AVENUE NE		WASHINGTON	DC	20018	202-636-7482
BAC 10, LLC	Angela Brock	RFK Stadium	2400 East Capitol Street SE	Washington	DC	20003	202-636-7482
CLAY 10, LLC		1781 FLORIDA AVENUE NW	SPACE F	WASHINGTON	DC	20009	202-332-7482
Jillipop & Co., LLC	Bobby Thorton	Washington Convention Center	801 Mount Vernon Place	Washington	DC	20001	202-332-7482
PLAN B ENTERPRISE S, LLC	Carol A. Runkle	317 MARYLAND AVENUE		WILMINGTON	DE	19804	302-256-0094
	JOSEPH M. AND DANA M. PFISTER	722 PHILADELPHIA PIKE		BELLEFONTE	DE	19809	302-761-9822
THE ICE DEVILS, INC.		3730 KIRKWOOD HIGHWAY		WILMINGTON	DE	19808	302-995-9501
MA'S HOUSE, LLC	John Finney	600 E BASIN ROAD		NEW CASTLE	DE	19720	302-325-0777
SILVERSIDE WATER ICE, INC.		2909 CONCORD PIKE		WILMINGTON	DE	19803	302-478-7383
SILVERSIDE WATER ICE, INC.		2222 SILVERSIDE ROAD		WILMINGTON	DE	19810	302-477-1572
THE ICEMEN, INC.		COMMUNITY PLAZA SHOPPING CNTR.	UNIT 19 ROUTE 273	NEW CASTLE	DE	19720	302-325-0999
	ROBERT & PATRICIA PAULUS	600 NEWARK SHOPPING CENTER		NEWARK	DE	19711	302-368-4885
DB'S ICE, INC		MIDWAY GALLERIA	18701 COASTAL HIGHWAY, UNIT #5	REHOBOTH BEACH	DE	19971	302-645-4501
	JEFFREY WEBB	1250 NORMAN ESKRIDGE HWY.	UNIT 1	SEAFORD	DE	19973	302-628-4294
	GLEN VERNON	937 NORTH DUPONT HIGHWAY		MILFORD	DE	19963	302-424-3660
ROLLINS ICE, LLC	Marc M. Rollins	7313 LANCASTER PIKE		HOCKESSIN	DE	19707	302-235-0520
	CINDY JUNG	124 NORTH DUPONT BLVD.		SMYRNA	DE	19977	302-659-2959

COMPANY	CONTACT	STORE ADDRESS	ADDRESS2	CITY	STATE	ZIP CODE	PHONE
	GREG BORGESSE	106 SANDHILL DRIVE		MIDDLETOWN	DE	19709	302-376-8004
BRANDYWINE VALLEY ICES, LLC		SALEM CENTER	1673 PULASKI HIGHWAY	BEAR	DE	19701	302-834-3390
	JANENE & JASON LEONARD	191 NORTH DUPONT HIGHWAY		DOVER	DE	19901	302-674-9473
	KEITH L. & CHERRIL DAVISTON	3230 PHILADELPHIA PIKE		CLAYMONT	DE	19703	302-792-2856
DB'S ICE, INC.		1905 NORTH HIGHWAY ONE	SUITE 1	DEWEY BEACH	DE	19971	302-227-9502
	JASON YANCOSKI	1730 WEST NEWPORT PIKE		STANTON	DE	19804	302-995-9596
	MICHAEL J. TENUTO	759 GARFIELD PARKWAY	STATE ROUTE 26	BETHANY	DE	19930	302-539-3880
RAPO GROUP, INC	Rod Hampton	319 Blanding Blvd.		ORANGE PARK	FL	32073	904-579-4729
M&S Parrot Ice, LLC	Marilyn Burt	Lakeland Square 4000 U.S. Highway 98		LAKELAND	FL	33809	863-858-9027
Rita's Italian Ice of Naples, Inc.	Jennifer L. Gibson	2045 Tamiami Trail North		NAPLES	FL	34102	239-417-4827
Tiki's Ice Hut, LLC	Randy A. Koch	Northwood Plaza Shopping Center	2510-A N. McMullen Booth Road	CLEARWATER	FL	33761	727-796-7482
Tiki's Ice Hut		Bright House Field	601 Old Coachman Road	CLEARWATER	FL	33765	727-796-7482
	Benjamin B. Pincus	460 South Rosemary Avenue	Suite 172	WEST PALM BEACH	FL	33401	561-623-0774
RGB ICE, INC.		1010 COURT STREET		CLEARWATER	FL	33756	727-446-3023
	TONY & MAUREEN COPPOLA	13147 86 TH AVENUE N.		SEMINOLE	FL	33776	727-393-6740
AUGGIE MY BOY, LLC		4666 S. CLEVELAND AVENUE		FORT MYERS	FL	33907	239-275-7808
Flamingo Ice, LLC	Arif Khan	601 20TH PLACE		VERO BEACH	FL	32960	772-770-0100
MIEL, IAN & COMPANY		393 3 RD STREET NORTH		JACKSONVILLE BEACH	FL	32250	904-246-1762
	ANDREW J. & SONIA PLANEY	380 A1A BEACH BOULEVARD		ST. AUGUSTINE	FL	32080	904-461-0977
NICO, LLC		8528 RIDGE ROAD		NEW PORT RICHEY	FL	34654	727-841-RITA

COMPANY	CONTACT	STORE ADDRESS	ADDRESS2	CITY	STATE	ZIP CODE	PHONE
AVATAR COMMUNICATION PARTNERS, LLC		13651 HUNTER'S OAK DRIVE	STORE #106	ORLANDO	FL	32837	407-850-4194
BME GROUP, LLC		HODGES STATION	13529 BEACH BLVD, SUITE 101	JACKSONVILLE	FL	32224	904-685-5073
BELL-ROCK, INC.		7065 COASTAL BOULEVARD		BROOKSVILLE	FL	34613	352-592-4554
RAN PHILLY ICE, LLC		SOUTHERN PALM CROSSING	11071 SOUTHERN BLVD, SUITE 130	ROYAL PALM BEACH	FL	33411	561-795-4333
MEETINGHOUSE VENTURES, LLC		MEADOWVIEW PLAZA SHOPPING CENTER	11625 SHELDON ROAD	TAMPA	FL	33625	813-433-1839
GOLDEN EAGLE ASSOCIATES, INC.	Roy Savoca	BELLAIR PLAZA SHOPPING CENTER	2429-41 NORTH ATLANTIC AVENUE	DAYTONA BEACH	FL	32118	386-236-9965
GOLDEN EAGLE ASSOCIATES, INC.	Roy Savoca	Jackie Robinson Stadium	105 East Orange Avenue	DAYTONA BEACH	FL	32114	386-236-9965
FLORITA'S, LLC		JOSEPH TOWN CENTER	2405 EF GRIFFIN ROAD, Unit #10	LAKELAND	FL	33813	863-644-4423
PEC COOLINGS, LLC		FOSTER'S CORNER	515 N. PARK AVENUE	APOPKA	FL	32712	321-256-9111
COOL ICE PEC, LLC	Erica Franco	6017 GOLDENROD ROAD		ORLANDO	FL	32822	407-382-1919
MTM ICE I, LLC		GULF COAST TOWN CENTER	9902 GULF COAST MAIN ST. #145	Fort Myers	FL	33913	239-415-7482
TRM Enterprises Unlimited, LLC	Tracey Simmons	2300 Holcomb Bridge Road		ROSWELL	GA	30076	770-641-9996
SO ICEY INC.		340 TOWN CENTER AVENUE	UNIT A-4	SUWANEE	GA	30024	678-765-2889
DAVIS COOL TREATS, LLC		2777 WEST HIGHWAY 54	SUITE 102	PEACHTREE CITY	GA	30269	770-631-2294
COOL FROOT, LLC		3530 ASHFORD-DUNWOODY ROAD, NE		ATLANTA	GA	30319	770-734-7482

COMPANY	CONTACT	STORE ADDRESS	ADDRESS2	CITY	STATE	ZIP CODE	PHONE
HODGE ENTERPRISES, LLC		931 MONROE DRIVE	NE ATLANTA	ATLANTA	GA	30308	404-347-3005
KLB ICE, LLC		800 WHITLOCK AVENUE	SUITE #116	MARIETTA	GA	30064	678-402-6240
JNMJ Enterprises, LLC	Jamie D. Brown	5238 McGinnis Ferry Road	Suite 10-E	Alpharetta	GA	30005	770-521-6050
	KEVIN & CYNTHIA WEAVER	MUSEUM PLACE MALL	2 EAST INDRA SQUARE	SALEM	MA	01971	978-741-7482
Six Flags America, L.P.	John Chichester	Six Flags	13710 Central Avenue	Mitchellville	MD	20721	301-249-1500
VICTORIA ICE, INC	Michael P. Tchou	Crossroads Square Shopping Center	625F Baltimore Blvd.	Westminster	MD	21157	443-952-7370
	TERESA R. DUDIAK	1055 National Highway		LA VALE	MD	21502	240-362-7109
	MARY BISHOP	MILLISON PLAZA 21719 GREAT MILLS ROAD, UNIT 2		LEXINGTON PARK	MD	20653	301-863-4531
KLL WATER ICE CORPORATION		2201 E. JOPPA ROAD		CARNEY	MD	21234	410-661-7482
ROLLINS ICE MD, LLC	Mark Rollins	403 EAST PULASKI HIGHWAY		ELKTON	MD	21921	410-620-1516
SAVORY SCOOPS, INC.		6305 KENWOOD AVENUE		BALTIMORE	MD	21237	410-866-7452
	LYNN MCCREARY	1394 CAPE ST CLAIRE ROAD		ANNAPOLIS	MD	21409	410-757-0722
SAVORY SCOOPS III, INC.		122 BACK RIVER NECK ROAD		ESSEX	MD	21221	410-391-6006
Lucid Delusionz, LLC	Michelle Hoover	1099 MERRITT BOULEVARD		DUNDALK	MD	21222	410-282-2150
SAVORY SCOOPS, II, INC.		YORK VILLAGE SHOPPING CENTER	9719 YORK ROAD	COCKEYSVILLE	MD	21030	410-628-8174
TR'S ITALIAN ICE, INC.	Frank Rovito	538 W. SOUTH STREET		FREDERICK	MD	21701	301-694-3270
TR'S ITALIAN ICE, INC.	Frank Rovito	Harry Grove Stadium	21 Stadium Drive	FREDERICK	MD	21703	301-694-3270
	JERRY C. ORR	2163 DEFENSE HWY. ROUTE 450		CROFTON	MD	21114	410-721-7752

COMPANY	CONTACT	STORE ADDRESS	ADDRESS2	CITY	STATE	ZIP CODE	PHONE
	RUFUS WOMACK	7171 SECURITY BLVD.	SUITE 100	WINDSOR MILL	MD	21244	410-944-9942
MILDRED'S ICE ITALIAN, INC		523 PULASKI HIGHWAY		JOPPA	MD	21085	410-679-7452
CORNERSTONE ICE, INC.		831 SOUTH SALISBURY BLVD.		SALISBURY	MD	21801	410-219-7207
CKM ENTERPRISES, INC.		3312 LEONARDTOWN RD.		WALDORF	MD	20601	301-645-4091
	LYNN MCCREARY	911 B BAY RIDGE RD.		ANNAPOLIS	MD	21403	410-216-9458
	RUDOLPH AND MILDRED DABRAN	9648 BELAIR ROAD		PERRY HALL	MD	21236	410-529-7742
DAD'S ICES, INC.		7206 YORK ROAD	SUITE A	TOWSON	MD	21212	410-583-8808
RIVERSIDE ICE, LLC		106 MARLBORO ROAD		EASTON	MD	21601	410-770-9817
	BLONDELL BLASSINGAME	7381 A BALTIMORE ANNAPOLIS BLVD.		GLEN BURNIE	MD	21061	410-590-3900
K & L Ice Ventures, LLC	LINDA AUSTIN	KENT LANDING SHOPPING PLAZA	210 Kent Landing	STEVENSVILLE	MD	21666	410-604-6350
K & L Ice Ventures, LLC	LINDA AUSTIN	441 Outlet Center Drive		Queenstown	MD	21658	410-604-6350
OCTOBER ENTERPRISES, INC.		1313 PENNSYLVANIA AVENUE		HAGERSTOWN	MD	21742	301-739-6313
LCJ CUBED, LLC		1111 ODENTON ROAD		ODENTON	MD	21113	410-672-0900
	WILLIAM A. GIBBS, JR.	4101 COASTAL HWY		OCEAN CITY	MD	21842	410-524-2875
VICTORIA ICE, INC	Michael P. Tchou	15430 OLD COLUMBIA PIKE		BURTONSVILLE	MD	20866	301-421-0013
VICTORIA ICE, INC	Michael P. Tchou	California Tortilla	1311 South Main Street	Mount Airy	MD	21771	301-421-0013
	PATRICK JAMES NORTON	3013-A MOUNTAIN ROAD		PASADENA	MD	21122	443-817-7482
	WILLIAM PARSON	11700-A REISTERSTOWN ROAD		REISTERSTOWN	MD	21136	410-833-9744
	Beenish Bhatia	120 MAYO ROAD		EDGEWATER	MD	21037	410-956-7444
THAT'S ICE, INC.	Nancy Gealy	772 WEST BEL AIR AVENUE		ABERDEEN	MD	21001	410-272-4413

COMPANY	CONTACT	STORE ADDRESS	ADDRESS2	CITY	STATE	ZIP CODE	PHONE
THAT'S ICE, INC.	Nancy Gealy	Ripkin Stadium	873 Long Drive	Aberdeen	MD	21001	410-272-4413
	ERIK LIPTON & CHET LIPTON	9095 FREDERICK ROAD		ELLCOTT CITY	MD	21042	410-203-1756
	RICHARD & LYNN NEITH	PRINCESS SHOPPING CENTER	1207 LIBERTY ROAD	ELDERSBURG	MD	21784	410-795-6969
	ANGELA KABALA	6360 CRAIN HIGHWAY		LA PLATA	MD	20646	301-392-3995
G & J STEELE ICE, LLC		30135 THREE NOTCH ROAD		CHARLOTTE HALL	MD	20622	301-884-6002
JASIKA'S ICE COMPANY, LLC		13621 GEORGIA AVENUE		SILVER SPRING	MD	20906	301-942-4229
	RUDOLPH AND MILDRED DABRAN	811 REVOLUTION STREET		HAVRE DE GRACE	MD	21078	410-942-1020
IT'S ALL REAL GOOD, INC.		9101 KINNEY PLACE		CLINTON	MD	20735	301-877-2422
FUTURES, LLC		SHAWAN PLAZA SHOPPING CENTER	11307 YORK ROAD	HUNT VALLEY	MD	21030	410-584-2663
	Lauren M. Cathell	HARPERS CHOICE VILLAGE CENTER	5485 HARPERS FARM ROAD, SUITE C	COLUMBIA	MD	21044	410-740-2847
	TOM LUHN & KIMBERLY HICKERSON-LUHN	504 WASHINGTON AVENUE		CHESTERTOWN	MD	21620	410-778-0825
JA'REMI ICE, LLC	JERRY C. ORR	3329 SUPERIOR LANE		BOWIE	MD	20715	301-464-9690
JA'REMI ICE, LLC	JERRY C. ORR	Bowie Baysox Minor League Baseball	4101 Crain Highway	BOWIE	MD	20715	301-464-9690
	TONY CHENG	9103 REISTERSTOWN ROAD		OWINGS MILLS	MD	21117	410-363-7073
OCTOBER ENTERPRISES, INC.		17220 VIRGINIA AVENUE		HAGERSTOWN	MD	21740	301-582-9331
Beta Ice, Inc.	Beenish Bahatia	GERMANTOWN CENTER	12801 WISTERIA DRIVE	GERMANTOWN	MD	20874	301-515-4114

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THAT'S ICE, INC.		2310 A CHURCHVILLE ROAD		CHURCHVILLE	MD	21028	410-734-0456
	TRAVIS & KATHRYN Y. BUNDICK	3007 EMMORTON ROAD		ABINGDON	MD	21009	410-569-6007
	ROBERT P. MARCUS	567 BALTIMORE ANNAPOLIS BOULEVARD		SEVERNA PARK	MD	21146	410-647-1265
	ENOCH MOON	3233 SPARTAN ROAD		OLNEY	MD	20832	301-260-0017
	JAMES D. & LOIS A. ROTHKA	2328 PULASKI HIGHWAY UNIT 1		NORTH EAST	MD	21901	410-287-0875
DBK Cool Treats, LLC	Barry E. Kitchen	MARLEY STATION	7900 RITCHIE HWY, STORE # E 105	GLEN BURNIE	MD	21061	410-766-7482
LIN-MAR FROSTY TREATS, INC.		907 SOUTH MAIN STREET	SUITE E	HAMPSTEAD	MD	21074	410-374-0072
COOL BREEZE ICE, LLC		738 NORTH PRINCE FREDERICK BLVD.		PRINCE FREDERICK	MD	20678	410-414-9200
	JERRY B. SMITH	RAVENWOOD SHOPPING CENTER	8018 LOCH RAVEN BOULEVARD	TOWSON	MD	21286	410-339-5190
MAMA ALLI'S ICE COMPANY, LLC		8900 BALTIMORE AVENUE		COLLEGE PARK	MD	20740	301-345-5455
JUST CHILLIN', INC.		7698 BELAIR ROAD	SUITE 105	BALTIMORE	MD	21236	410-882-7482
JNH, INC.		CORRIDOR MARKETPLACE	3353 FORT MEADE ROAD, SPACE # 100	LAUREL	MD	20724	301-776-8585
DPN ICE'S, ICES		2033 EASTERN AVENUE		BALTIMORE	MD	21231	410-732-0214
ADDISON BENNETT, LLC		FIRSTFIELD SHOPPING CENTER	509 QUINCE ORCHARD ROAD, SPACE # 1	GAITHERSBURG	MD	20878	301-947-7482
THE PROSUMER GROUP, LLC		PENN MAR SHOPPING CENTER	2950F DONNELL DRIVE	FORESTVILLE	MD	20747	301-669-7399

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KEA ICE, LLC		10331 SOUTHERN MARYLAND BOULEVARD	SUITE 101	DUNKIRK	MD	20754	410-286-7114
	WILLIAM A. GIBBS, JR.	11317 MANKLIN CREEK ROAD	BUILDING B UNIT 6	OCEAN PINES	MD	21811	410-208-1100
	IAN R. WHIPKEY	810 NURSERY ROAD PLAZA	SUITE A	LINTHICUM	MD	21090	410-636-0039
JC DIVINE ICE, LLC		13450 HG TRUEMAN ROAD	SOLOMONS TOWN CENTER	SOLOMONS	MD	20688	410-394-3707
837, LLC		6810 RIVERDALE ROAD		RIVERDALE	MD	20737	301-459-RITA
THAT'S ICE, INC.		1510 ROCK SPRING ROAD		FOREST HILL	MD	21050	410-836-0611
	JERRY B. SMITH	4101 FALLS ROAD		BALTIMORE	MD	21211	410-366-5353
	VIJAY PATEL	301 LIGHT STREET	SPACE #5400	BALTIMORE	MD	21202	
	Lauren M. Cathell	KINGS CONTRIVANCE VILLAGE CENTER	8640 GUILFORD ROAD, SUITE B-10	COLUMBIA	MD	21046	443-864-5509
JKL AND BOB, INC.		NEW TOWN VILLAGE	9700 GROFFS MILL DRIVE, SUITE 9708A	OWING MILLS	MD	21117	410-654-0711
ICETACULAR LLC		LAKEFOREST MALL	701 RUSSELL AVENUE	GAITHERSBURG	MD	20877	301-987-2665
JILLIPOP & CO., LLC		820 S. Capital Center Blvd.		Largo	MD	20774	301-499-7121
	Lewis Todd Rogers	Seabrook Shopping Center	9407 Lanham Seven Road	Seabrook	MD	20706	301-459-1111
Sweet Treatz, INC	Kendra Bibbins	6243 Livingston Road		Oxon Hill	MD	20745	301-686-0044
Sweet Treatz, INC	Kendra Bibbins	National Harbor		Oxon Hill	MD	20745	301-686-0044
KJS ICES, LLC		162 Carroll Island – Suite 158		Middle River	MD	21220	410-355-7482
BRANCH ICE, INC	William Branch	10-B North Front Street		Wilmington	NC	28401	910-859-8023
OTZI ICE, LLC	James J. and Paula L. Chismar	1308-A The Plaza		Charlotte	NC	28205	704-464-7482
Tall Buildings, Inc.	Christy and Matt Bailey	Lawndale Crossing Shopping Center	2627 Lawndale Drive	Greensboro	NC	27408	336-282-3392
SAMEMI ENTERPRISE S, LLC	Jonathan and Rebecca Davis	1818 Center Park Shopping Center		Aberdeen	NC	28315	910-246-0772

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	DAVID J. MOORE	1840 Hendersonville Road	Suite 103	ASHEVILLE	NC	28803	828-505-7990
	JOSEPH & CYNTHIA GREGORY	591 RIVER HIGHWAY		MOORESVILLE	NC	28117	704-616-5171
JPRP ENTERPRISE, LLC		HOPE VALLEY COMMONS	1125 W. NC HIGHWAY 54 & HIGHWAY 401	DURHAM	NC	27707	919-489-0888
OUTER BANKS BEACH ICE, LLC		MARKET PLACE AT SOUTHERN SHORES	5597 B N. CROATAN HWY	KITTY HAWK	NC	27949	252-441-4237
	DENNIS & LENA SUE SITZLER	8204 TRYON WOODS DRIVE	SUITE 112	DURHAM	NC	27518	919-851-3848
APEX ICEWORKS, INC.		BEAVER CREEK COMMONS SHOPPING CENTER	1011 BEAVER CREEK, COMMONS UNIT 304	APEX	NC	27502	919-303-1515
CAROLINA WATER ICE, LLC		RITA'S OF CARRBORO CARR MILL	200 N. GREENSBORO STREET, SUITE B-8	CARRBORO	NC	27510	919-537-8742
AAA ICES, LLC		THE SHOPPES AT OBERLIN COURT	1028 OBERLIN ROAD, SUITE 228	RALEIGH	NC	27605	919-821-2223
	WILLIAM J. BRANCH	LUMINA COMMONS SHOPPING CENTER	1982 EASTWOOD ROAD	WILMINGTON	NC	28403	910-256-2999
	LEROY & KATHY FISHER JR.	THE ARBORS IN CHARLOTTE	2015 EAST ARBORS DRIVE, SUITE 260	CHARLOTTE	NC	28262	704-971-5319
	TIMOTHY P. & CHRISTINE RICE	PLAZA SHOPPING CENTER	345D WESTERN BLVD	JACKSONVILLE	NC	28541	910-219-1300
Branch Ice, Inc.		2088-108 S. College Road	Corner of College & Shipyard Roads	Wilmington	NC	28412	910-3992861
Doodles Ice, LLC		16631 Lancaster Highway	Suite 106	Charlotte	NC	28277	704-542-2258

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Ocean Breeze Ices, LLC		710 South Croatan Highway	Unit E	Kill Devil Hills	NC	27948	252-449-2653
Branch Ice, Inc.		32 North Lumina Avenue	32 North Lumina Avenue	Wrightsville Beach	NC	28480	910-509-1666
Locations Holding Co., Inc.	William Bori	Izod Center	50 State Route 120	East Rutherford	NJ	07073	732-933-8595
Locations Holding Co., Inc.	William Bori	Prudential Center	165 Mulberry Street	Newark	NJ	07102	732-933-8595
Locations Sports Brand, Corporation	William Bori	Metlife Stadium	1 MetLife Stadium	East Rutherford	NJ	07073	732-933-8595
	Ameer Saleem	108 Chestnut Street		Roselle	NJ	07203	973-455-6876
MAC Ices, LLC	Angela M. McCarthy	3321 South Blackhorse Pike	Ardmore Shopping Ct Unit # 3	Sicklerville	NJ	08081	856-875-9533
CALVY SHERER ICES, INC.		900 BOARDWALK		OCEAN CITY	NJ	08226	609-398-3385
EGC ICE WORKS, LP		1400 PARKWAY AVENUE	UNIT#1	EWING	NJ	08628	609-882-6077
VANORE ENTERPRISES OF NJ, INC.		1344 BLACKWOOD/ CLEMENTON ROAD		BLACKWOOD	NJ	08021	856-783-1774
KENT VERDE, INC.		109 S. DELSEA DRIVE		GLASSBORO	NJ	08028	856-863-5600
J & D ICES, INC.		1715 GREENWOOD AVENUE		HAMILTON	NJ	08609	609-587-3777
ICEWORKS, INC.		2535 ROUTE 516		OLD BRIDGE	NJ	08857	732-679-1700
	ERNEST & DOROTHY MAYNOR	2303 WOODBRIDGE AVENUE		EDISON	NJ	08817	732-777-0088
MRC ICE WORKS, LP		UNIVERSITY PLAZA SHPG CENTER	84 FLOCK ROAD	MERCERVILLE	NJ	08619	609-890-6505
CONEY ICE III, LLC		250 WEST CAMDEN AVENUE		MOORESTOWN	NJ	08057	856-222-0525
	HILDA COLON	755 ST. GEORGE AVENUE	A&P SHOPPING CENTER	WOODBIDGE	NJ	07095	732-602-9874
POPS ICES, INC.		RT 38 & CHURCH ROAD	CROSSROADS PLAZA	CHERRY HILL	NJ	08002	856-667-1217
HOOKED ON ICES, LLC		47 WEST MAIN STREET		FREEHOLD	NJ	07728	732-409-7482

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JDC ICE WORKS, LP		NOTTINGHAM & GEORGE DYE ROADS		HAMILTON SQUARE	NJ	08690	609-587-9607
BAJACS, Enterprised, Inc.	Robert A. Pirrello	1687 ROUTE 9		TOMS RIVER	NJ	08755	732-349-4461
Ocean Breeze Ices, Inc.		3009 ROUTE 88		POINT PLEASANT	NJ	08742	732-892-2244
	MATTHEW VIGLIOTTI	2105 WEST COUNTY LINE ROAD		JACKSON	NJ	08527	732-987-9882
	DIANA HAMMAD	1250 BOUNDBROOK ROAD		MIDDLESEX	NJ	08846	732-469-8582
COOL CATS, LLC		2460 STATE HIGHWAY 33		NEPTUNE	NJ	07753	732-922-1912
PRESTON AND DODD, LLC	Thomas J. Kowal	23 ROUTE 12 WEST		FLEMINGTON	NJ	08822	908-284-1618
	GURMEET SINGH	4747 WESTFIELD AVENUE		PENNSAUKEN	NJ	08110	856-317-0116
	LOUIS CICCHITTI	3569 E. LANDIS AVENUE		VINELAND	NJ	08360	856-205-0339
ESCALERA INC.		1901 PARK AVENUE		SOUTH PLAINFIELD	NJ	07080	908-755-7765
VENDITORE DI GELATO, INC.		34-38 FRANKLIN STREET		BELLEVILLE	NJ	07109	973-759-7482
CAPTAIN ICE, INC.		1111 WESTFIELD AVENUE		RAHWAY	NJ	07065	732-381-9808
H20 ICE, INC.		2070 BRUNSWICK AVENUE		LAWRENCEVILLE	NJ	08648	609-989-7779
ICE MEN, LLC		VILLAGE SHOPPES	10 N. WHITE HORSE PIKE	HAMMONTON	NJ	08037	609-567-8464
	JOSEPH & PATRICIA TSE	693 LYONS AVENUE		IRVINGTON	NJ	07111	973-399-9898
KENT AZUL, INC.		245 SOUTH BROAD STREET		WOODBURY	NJ	08096	856-845-5527
CONEY ICE, LLC		194 A ROUTE 70 EAST		MEDFORD	NJ	08055	609-714-9662
TWICE AS COOL, LLC		424 DAVIS AVENUE		NORTHFIELD	NJ	08225	609-485-2311
BEACH ICES, INC.		3905 ROUTE 9 SOUTH		RIO GRANDE	NJ	08242	609-889-7482
	JOHN J. FRANZOI	3470 SOUTH DELSEA DRIVE		VINELAND	NJ	08360	856-293-8775
	GARY SCHAEFFER	226 ROUTE 31 NORTH		WASHINGTON	NJ	07882	908-835-1100

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KOOL ICES, LLC		628 MANTOLOKING ROAD		BRICK	NJ	08723	732-262-1700
Sweet Tula's, Inc.	Kirk Xenakis	1811 CINNAMINSON AVE.		CINNAMINSON	NJ	08077	856-829-8850
LIBBY ENTERPRISE S, INC.		307 RYDERS LANE		MILLTOWN	NJ	08850	732-249-9555
Henke Enterprises, LLC	Jeffrey Henke	INDEPENDENCE PLAZA	2465 S. BROAD STREET UNIT E9	HAMILTON	NJ	08610	609-888-0800
KERAN SHORE SERVICES, LLC		47 BETHEL ROAD		SOMERS POINT	NJ	08244	609-927-1001
R.A.B. ASSOCIATES OF EAST WINDSOR, L.L.C		9 PRINCETON-HIGHTSTOWN ROAD		EAST WINDSOR	NJ	08520	609-918-1978
SWEET EMOTION, INC.		225 NEWARK POMPTON TURNPIKE	UNIT C-2	PEQUANNOCK	NJ	07440	973-694-0900
LAFS ICES, INC.		73 LANDIS AVENUE		BRIDGETON	NJ	08302	856-459-2211
McPeak Enterprises, LLC	David McPeak	252 SOUTH WHITEHORSE PIKE		BERLIN	NJ	08009	856-767-2711
CONEY ICE IV, LLC	John A. Acconey	125 N. MAPLE AVE.		EVESHAM	NJ	08053	856-596-3230
	FRED & SANDRA MALLOZZI	21 JULIUSTOWN RD	PO BOX 1654	BROWNS MILLS	NJ	08015	609-893-3000
	MARIA MASCIA	1201 HOOPER AVENUE	KIOSK TK15	TOMS RIVER	NJ	08753	732-349-4879
	JOAN A. & MICHAEL J. MCCALL	453 WHITE HORSE PIKE		ABSECON	NJ	08201	609-646-8668
ZALESKI ICES, LLC		106 HADDONFIELD-BERLIN RD.		VOORHEES	NJ	08043	856-429-4452
BRENNAN'S FAMILY ICES, INC.		12010 LONG BEACH BLVD.		HAVEN BEACH	NJ	08008	609-492-6400
R.A.B. ASSOC. OF SAYREVILLE ,L.L.C.		3310 WASHINGTON ROAD		PARLIN	NJ	08859	732-721-7482

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PLAGGE ENTERPRISE S, L.L.C.		277 NORTH BROADWAY		PENNSVILLE	NJ	08070	856-678-5200
FRANKLIN RITA'S LLC		3175 ROUTE 27	UNIT 2	FRANKLIN PARK	NJ	08823	732-297-1400
MJK ICE, LLC		160 MOUNTAIN AVENUE		HACKETTSTOWN	NJ	07840	908-852-1800
ORESTE ASSOCIATES, L.L.C.		212 BELLEVILLE AVENUE		BELLEVILLE	NJ	07109	973-759-8988
Rebecca Sullivan		938 FISCHER BLVD.		TOMS RIVER	NJ	08753	732-270-0201
MANALAPAN ICE LLC		342 ROUTE 9 NORTH		MANALAPAN	NJ	07726	732-617-8088
	THOMAS J. KOWAL	2632 RT. 31 SOUTH		CLINTON	NJ	08809	908-638-8230
Sweet Tooth Ice, Inc.	Sa'id Boykin	111 TERRILL ROAD		PLAINFIELD	NJ	07062	908-322-3314
BRIDEGI ITALIAN ICES, LLC		412 SPRINGFIELD AVENUE		BERKELEY HTS.	NJ	07922	908-464-0200
7 Star Ice, LLC	Delma A. Cevoli	1318 WEST BRIGANTINE AVENUE		BRIGANTINE	NJ	08203	609-266-3500
HAVE AN ICE DAY, LLC		315 ROUTE 46		ROCKAWAY	NJ	07866	973-627-3908
KENT ROJO, INC.		510 BRIDGETON PIKE		MANTUA	NJ	08051	856-464-1940
	LISA BISKING	1300 HIGHWAY 35		MIDDLETOWN	NJ	07748	732-671-8322
PD GOOD ICE, LLC		450 ROUTE 519, UNIT 450-B		STEWARTSVILLE	NJ	08886	908-387-9300
DEEKOW ENTERPRISE S, LLC		50 WEST BAY AVENUE		MANAHAWKIN	NJ	08050	609-978-0587
JAZ MAZ ENTERPRISE S, LLC		1359 PRINCE ROGERS AVENUE		BRIDGEWATER	NJ	08807	908-707-9090
S JELLY, INC.	Bryan J. Morris	191 MARKET STREET		NEWARK	NJ	07103	973-242-3110
	DAVE HENDRI	281 TRIANGLE ROAD	BUILDING F	HILLSBOROUGH	NJ	08844	908-281-7482
	TODD & ROSEANN MURPHY	9401 VENTNOR AVENUE		MARGATE	NJ	08402	609-822-8002
	THOMAS DEANGELO	1066 BROAD STREET		BLOOMFIELD	NJ	07003	973-338-7482
	THOMAS DEANGELO	Yogi Berra Stadium	1 Hall Drive	Bloomfield	NJ	07003	973-338-7482

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NJ RITA'S, LLC	Thomas DeAngelo	66 EAST MAIN STREET		LITTLE FALLS	NJ	07424	973-826-7676
CONEY'S ICE II, LLC		26-28 SOUTH BLACK HORSE PIKE		RUNNEMEDE	NJ	08078	856-312-1305
ICEWORKS, INC.		1353 STUYVESANT AVENUE		UNION	NJ	07083	908-688-9060
SUNSHINE ICES, LLC		50 RIVER ROAD		NORTH ARLINGTON	NJ	07031	201-998-7482
BABS ICES, LLC	Barbara DelGuercia	191-2 HACKENSACK STREET		WOOD-RIDGE	NJ	07075	201-804-9333
GLADD ICES, LLC		101 HADDON AVENUE		WESTMONT	NJ	08108	856-833-1011
	THOMAS & LUCIA DEANGELO	371 CENTRE STREET		NUTLEY	NJ	07110	973-667-7100
SCHNEIDER'S ICE, LLC		FLANDERS VILLAGE MALL	286 ROUTE 206	FLANDERS	NJ	07836	973-584-7482
BRENNAN'S FAMILY ICES, INC.		695 ROUTE 9 SOUTH		LITTLE EGG HARBOR	NJ	08008	609-294-6004
	AMANDA HLADUN	142 SOUTH LIVINGSTON AVENUE		LIVINGSTON	NJ	07039	973-533-0303
	MICHAEL HAWTIN	4 BOARDWALK		SEASIDE HEIGHTS	NJ	08751	732-830-2445
	SHEREEF HAMMAD	121 WASHINGTON STREET		HOBOKEN	NJ	07030	201-880-1767
GREENBAUM PROPERTIES, LLC		3 MILLER ROAD		MAHWAH	NJ	07430	201-252-2428
	KRISTINA JEAN & JOSEPH MICHAEL DERA	121 SOUTH MAIN STREET # 6		FORKED RIVER	NJ	08068	609-971-0177
	THOMAS P. MASCIA	1065 ROUTE 202 NORTH		BRANCHBURG	NJ	08876	908-725-0500
Pyramid Ice & Goods, LLC	Vivian Pressley	4364 J TOWN CENTER	ROUTE 130 NORTH	WILLINGBORO	NJ	08046	609-835-7482
ICES BY JP&D LLC		SHOPPES AT THE GLEN, STORE # 1	650 ROUTE 206	BORDENTOWN	NJ	08505	609-298-5858
ALL IN ICES, INC	Jared M. Heim	HARBOUR PLACE SHOPPING CENTER	288 EGG HARBOR ROAD	SEWELL	NJ	08080	856-589-9299
TEAM ICES, LTD.		681 RIVER AVENUE		LAKESWOOD	NJ	08701	732-901-1296

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MALL ICES, LLC		MOORESTOWN MALL	400 ROUTE 38, SPACE 1660	MOORESTOWN	NJ	08057	856-222-9500
ELLIS ICES, LLC		ELLISBURG CIRCLE SHOPPING CENTER	1648 NORTH KINGS HIGHWAY	CHERRY HILL	NJ	08034	856-428-8888
	GUSTAF A. VANORE	511 ERIAL ROAD		PINE HILL	NJ	08021	856-346-1441
C AND H UNITED CORP		513-517 DR. MARTIN LUTHER KING JR. BLVD.		EAST ORANGE	NJ	07018	973-395-9040
	VICTORIA & WILLIAM FOLEY	25 CENTRE STREET	THEATRE CENTRE	SPARTA	NJ	07871	973-726-7482
	WILLIAM R. HAGAN III	4109 LANDIS AVENUE	FIRST FLOOR – NORTH SIDE	SEA ISLE CITY	NJ	08243	
BERGEN ICE, LLC		1020 MAPLE AVENUE		GLEN ROCK	NJ	07452	201-447-4827
CHILLIN DYLAN LLC		450 NORTH BEVERWYCK ROAD		PARSIPPANY	NJ	07054	973-588-4526
	DAN MACKERCHAR III	NASSAU PARK PAVILION	665 NASSAU PARK BLVD.	WEST WINDSOR	NJ	08550	609-799-7229
NATASHA'S ICES, LLC	Akash L. Ramlagan	RIVER PLACE AT BUTLER	401 MAIN STREET	BUTLER	NJ	07405	973-998-8168
	GURMEET SINGH	1205 HIGH STREET		BURLINGTON	NJ	08016	609-387-5535
	KRISTINA JEAN & JOSEPH MICHAEL DERA	3131 ROUTE 38	UNIT # 15	MOUNT LAUREL	NJ	08054	856-234-7482
	DIPAK & MANISHA PATEL	4180 ROUTE 1 NORTH	200 B	MONMOUTH JUNCTION	NJ	08852	732-329-2007
SUGAR 'N ICE LLC		707 BEACH AVENUE		CAPE MAY	NJ	08204	609-884-0229
RIAKI ICES, LLC		2231 US HIGHWAY 9	STORE # 2	HOWELL	NJ	07731	732-303-0800
NORTH END ICE, LLC		1801 LONG BEACH BLVD		SURF CITY	NJ	08008	609-207-6494
	JOHN MOURADIAN	76-C HIGHWAY 35		EATONTOWN	NJ	07724	732-460-0075
D'LICIOUS D'SSERTS LLC		121 SOUTH ORANGE AVENUE		SOUTH ORANGE	NJ	07079	973-763-7482

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JERSEY ICE TREATS, LLC		865 HIGHWAY 36		UNION BEACH	NJ	07735	732-264-0021
ROC N ROSE, LLC		651 KAPOWSKI ROAD	SUITE 1261	ELIZABETH	NJ	07201	908-436-1000
BERGEN ICE, LLC		184 ESSEX STREET	SPACE D-2	LODI	NJ	07644	
LKD ICE, LLC		PENNINGTON CENTER	25 ROUTE 31 SOUTH, STORE F	PENNINGTON	NJ	08534	609-737-9001
JAZ MAZ ENTERPRISE S, LLC	Doris Zampella	54 West Main Street		Somerville	NJ	08876	908-450-7164
JAZ MAZ ENTERPRISE S, LLC	Doris Zampella	TD Bank Ballpark	1 Patriot Park	Bridgewater	NJ	08807	908-707-9090
Brane Freeze, LLC		268 Broadway		Bayonne	NJ	07002	201-437-0673
Seaview Treats, LLC		Bally's Wild West Casino	2001 Boardwalk	Atlantic City	NJ	08401	609-289-8936
Logan Enterprises, LLC	Gina Wardlow	Campbell's Field Rivershark's Stadium	401 North Delaware Ave	Camden	NJ	08102	732-438-9432
The Daily Freeze, LLC	Irving L Dobbs	Whitney Ranch Shopping Center	693 N. Stephanie Street	Henderson	NV	89014	702-405-8192
HV Rita's Ice, LLC	Julie Pizzarelli	846 Route 376		Wappingers Falls	NY	12590	845-849-3737
Date Tree Brothers, LLC	Joshua S. Teitelbaum	2486 Broadway		NEW YORK	NY	10025	212-362-5880
	DOMINICK DENINNO	105 E. MAIN STREET		EAST ISLIP	NY	11730	631-224-4893
ENT-ICE, INC.		92 DOLSON AVENUE		MIDDLETOWN	NY	10940	845-343-7482
	SHILA B. PATEL	355 WINDSOR HIGHWAY		NEW WINDSOR	NY	12553	845-562-5100
	LESLIE & GERARD VALENTINE	2791 LONG BEACH ROAD		OCEANSIDE	NY	11572	516-766-8505
	JOHN J. JESSUP, III	107 WALT WHITMAN ROAD		HUNTINGTON STATION	NY	11746	631-549-1117
A & M ICES, INC.		2158 DEER PARK AVENUE		DEER PARK	NY	11729	631-242-8605
JAG ICE, INC.		864 VIOLET AVENUE		HYDE PARK	NY	12538	845-229-2993
M&D EARLEY, LLC		2614 CORNING ROAD		HORSEHEADS	NY	14845	607-398-2150
Glacier Flavors, LLC	Michael Walker	Village Square Shopping Center	1262 W. Boston Post Road	Larchmont	NY	10538	914-833-7500

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	Jeffrey Besselman & David Goldes	Multiplex Shopping Center	330 Sawmill River Road	Elmsford	NY	10523	914-347-7482
	MICHAEL KUSHNIR & PETER VULPONE	600 Tuckahoe Rd	Store #12	Yonkers	NY	10710	914-779-7482
	Anne Gentile & Rand Mesh	64 School Street		Glen Cove	NY	11542	516-801-0982
RENGEL BROTHERS ICE CO.		2116 W. HENDERSON ROAD		COLUMBUS	OH	43220	614-457-7290
SSJ COOL ENTERPRISE S, INC.		200 GRANVILLE STREET		GAHANNA	OH	43230	614-476-2568
ICE TEASE, LTD.		2328 STATE ROAD		CUYAHOGA FALLS	OH	44223	330-916-9000
	JILL MCFARLAND KLOCEK	9025 MARKET STREET		NORTH LIMA	OH	44452	330-629-7499
M & R ICES LLC		3371 EAST STROOP ROAD		KETTERING	OH	45440	937-296-0822
FREEZE ZONE, INC.		510 SOUTH STATE STREET		WESTERVILLE	OH	43081	614-714-0980
S & K Community Enterprises, LLC		50 S. Liberty Street	Suite 150	Powell	OH	43065	614-505-7482
NC ENTERPRISE S, INC.	Cameron Price	17 Center Square		Greencastle	PA	17225	717-643-1349
	Paul Spangler	5901 Rising Sun Ave.		Philadelphia	PA	19120	215-237-2530
	Paul Spangler	100 East Rockland Street		Philadelphia	PA	19120	215-237-2530
	Paul Spangler	2271 W. Hunting Park Avenue		Philadelphia	PA	19140	215-237-2530
FJ ICE, LLC	Frank Checho	534 Scranton-Carbondale Hwy		Scranton	PA	18508	570-871-4625
Nitle Corp	Edward Shvarts	1803 McKees Rocks Road		McKees Rocks	PA	15136	412-771-1121
Nitle Corp	Edward Shvarts	2070 Greentree Rd.		Pittsburgh,	PA	15220	412-343-1722
HE&R Entertainment & Resorts Company	John Lawn	100 W Hersheypark Drive		Hershey	PA	17033	1-800-Hershey
Axis Solutions, LLC	Mia Green	5899 Lancaster Avenue	Unit #1	PHILADELPHIA	PA	19131	215-473-1695
	JC Allred	958 County Line Road		BRYN MAWR	PA	19010	484 380-2638

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	COLEEN CASEY	1356 EAST PASSYUNK AVENUE		PHILADELPHIA	PA	19147	215-467-6747
RITA'S REAL ESTATE COMPANY, LLC		1227 BRISTOL PIKE		ANDALUSIA	PA	19020	215-245-1782
	ALAN & ANNMARIE BROWN	3244 RED LION ROAD		PHILADELPHIA	PA	19154	215-637-1936
CASTLE ENTERPRISES, INC.		PINE VALLEY CENTER	161 BYBERRY ROAD	PHILADELPHIA	PA	19116	215-676-3464
E & M ICES, INC.: Kickin ' Ices Inc.		1901 RHAWN STREET		PHILADELPHIA	PA	19111	215-745-5417
	Scott Mikuta	409 BRISTOL PIKE		CROYDON	PA	19021	
DEM ICES, INC.		14 SWAMP ROAD		NEWTOWN	PA	18940	215-968-8668
WAGNER ICE WORKS, INC.		8621 NEW FALLS ROAD		LEVITTOWN	PA	19058	215-547-9660
BRANDYWINE VALLEY ICES, LLC		226 PENNELL ROAD		ASTON	PA	19014	610-497-9588
	FRANCIS J. WEISS, JR	7239 FRANKFORD AVENUE		PHILADELPHIA	PA	19135	215-335-1331
ICON ICE, INC.		2024 COUNTY LINE ROAD		HUNTINGDON VALLEY	PA	19006	215-953-1998
ICY SMILES, LLC		214 N. BROAD STREET		LANSDALE	PA	19446	215-368-5010
VANORE ENTERPRISES, INC.		1550 MACDADE BOULEVARD		FOLSOM	PA	19033	610-586-7330
BROTHERS WATER ICE, INC.		1727 MARKLEY STREET		NORRISTOWN	PA	19401	610-292-8575
MEDIA ICES, INC.		220 S. PROVIDENCE ROAD		MEDIA	PA	19063	610-566-2283
ICY SMILES, LLC		762-A HORSHAM ROAD		MONTGOMERYVILLE	PA	18936	215-368-5151
VANORE ENTERPRISES, INC.		445 MACDADE BOULEVARD		COLLINGDALE	PA	19023	610-461-1455
KENT ROSSO, INC.		239 SOUTH STREET		PHILADELPHIA	PA	19147	215-629-3910
JEM ICES, INC.		1709 GRANT AVENUE		PHILADELPHIA	PA	19115	215-673-9490

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BROTHERS WATER ICE, INC.		926 DEKALB PIKE		BLUE BELL	PA	19422	610-279-5505
BRANDYWINE VALLEY ICES, LLC		4420 EDGEMONT AVENUE		BROOKHAVEN	PA	19015	610-876-7633
GEORGETOWN ICE WORKS		815 W. TRENTON AVENUE		MORRISVILLE	PA	19067	215-736-2656
PM Ice Treats, LLC	James T Buysse	201 W. RIDGE PIKE		CONSHOHOCKEN	PA	19428	610-940-1505
JAK HOSPITALITY, LLC		IVY RIDGE SHOPPING CENTER	7132 RIDGE AVE	PHILADELPHIA	PA	19128	215-483-4002
AMAZING ICES, INC.		520 N EASTON ROAD		GLENSIDE	PA	19038	215-885-7181
B&D WOODR-ICE, INC.		722 SECOND STREET PIKE		RICHBORO	PA	18954	215-355-9676
ALFRESCO ICES, INC.		COLLEGEVILLE S. C.	222 W MAIN STREET	COLLEGEVILLE	PA	19426	610-489-5804
DELAWARE VALLEY PARTNERS, INC.		55 W EAGLE ROAD		HAVERTOWN	PA	19083	610-789-8808
	JAMES K & JEAN ANN MINCIN	229 CURRY HOLLOW ROAD		PITTSBURGH	PA	15236	412-655-8470
ICE SLINGERS, INC.		1912-18 TILGHMAN STREET		ALLENTOWN	PA	18104	610-435-1199
TRACI LYNN INC.		1653-55 BELFIELD AVE		PHILADELPHIA	PA	19141	215-455-0414
MAYIM ICES, INC.		136 HUNTINGTON PIKE		ROCKLEDGE	PA	19046	215-379-1277
	JOHN & LISA DURLE	842 MARKET STREET		LEMOYNE	PA	17043	717-731-8275
RON'S ICY COLD, INC	Ronald M. Kauffman	2499 H ARAMINGO AVENUE		PHILADELPHIA	PA	19125	215-425-8150
	PAUL SPANGLER	5744 MASCHER STREET		PHILADELPHIA	PA	19120	215-924-0655
	FRANCIS & MARCIA SCHIAVO	430 LANCASTER PIKE		MALVERN	PA	19355	610-644-2920
BDLJ, LTD.	Brian Covely	1 SHILLINGTON ROAD		SINKING SPRING	PA	19608	610-678-8290
BDLJ, LTD.	Brian Covely	Reading Phillies	1900 Centre Avenue	South Reading	PA	19605	610-929-9310

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	LAWRENCE M. MALONEY	5880 FORBES AVENUE		PITTSBURGH	PA	15217	412-421-1941
CALVY SHERER ICES, INC.		5060 TOWNSHIP LINE ROAD		DREXEL HILL	PA	19026	610-446-0209
ICE SLINGERS, INC.		1052 W. EMAUS AVENUE		ALLENTOWN	PA	18103	610-797-0666
COOL SCOOPS, INC.		500 SOUTH HANOVER STREET		CARLISLE	PA	17013	717-241-6300
BELLA K. INC.		3610 BRISTOL ROAD		BENSALEM	PA	19020	215-757-5333
Downingtown Ice Partners, Inc.	Amelia M. Quaciari	84 W LANCASTER AVENUE		DOWNINGTOWN	PA	19335	610-269-6783
VILLAGE ICES, INC.		523 BALTIMORE STREET		GETTYSBURG	PA	17325	717-338-9090
	JOSEPH & NANCY APONICK	DAUPHIN PLAZA SHOPPING CENTER	3884 UNION DEPOSIT ROAD	HARRISBURG	PA	17109	717-671-0888
J. J. ICES ENTERPRISES, INC.		323 EAST GAY STREET	SHARPLES SQ SHOPPING CNTR	WEST CHESTER	PA	19380	610-738-9090
PAOLI ICE PARTNERS, INC.		1776 EAST LANCASTER AVENUE		PAOLI	PA	19301	610-889-0100
J & J FROZEN TREATS, LLC	Jason Klotkowski	Cedarbrook Mall Shopping Plaza	1000 Easton Road	Wyncote	PA	19095	215-572-0222
ICE SLINGERS, INC.		1905 UNION BOULEVARD		ALLENTOWN	PA	18103	610-434-8010
WARMINSTER ICES, INC.		390 YORK ROAD		WARMINSTER	PA	18974	215-672-0992
POCONO MOUNTAIN ICE, INC.		610 CHESTNUT STREET		EMMAUS	PA	18049	610-965-6899
ICE AGE, INC.		448 W LINCOLN HIGHWAY		PENNDDEL	PA	19047	215-741-1020
BDLJ, LTD.		3403 N 5TH STREET HIGHWAY		READING	PA	19605	610-929-9310
KOOL TIME, INC		3000 E. MARKET STREET		YORK	PA	17402	717-757-5152
ALFRESCO ICES II, INC.		LIMERICK SQUARE SC	70 BUCKWALTER ROAD STE #360	ROYERSFORD	PA	19468	610-948-3200

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JUST PAZZO ICE, INC.		SHOPPES AT COVENTRY SQUARE	501 E. SCHUYKILL ROAD, STORE #5	POTTSTOWN	PA	19465	610-718-9291
RITA'S REAL ESTATE COMPANY, LLC		11833 FRANKSTOWN ROAD		PENN HILLS	PA	15235	412-798-4460
EAGLE ICE WORKS, INC.		290 S. READING ROAD		EPHRATA	PA	17522	717-733-9171
POCONO MOUNTAIN ICE, INC.		2874 MACARTHUR ROAD		WHITEHALL	PA	18052	610-439-1100
	JAMES W. GROVE	5204 SIMPSON FERRY ROAD		MECHANICSBURG	PA	17055	717-766-1177
	RANDALL & DENA DIETRICH	1124-30 LANCASTER AVENUE		READING	PA	19607	610-796-2885
MCK ICE, LLC		2382 DURHAM ROAD		MIDDLETOWN	PA	19047	215-269-4800
ST. THERESA'S ICE WORKS, INC		1 LEWISBERRY ROAD		NEW CUMBERLAND	PA	17070	717-774-4107
THE ICE IS RIGHT, INC.		ROUTE 309 & ROUTE 54		HOMETOWN	PA	18252	570-668-1460
ICE AGE ENTERPRISES, LLC		501 E. MOORESTOWN ROAD #9		WIND GAP	PA	18091	610-881-4183
AMAZING ICES, INC.		1700 OLD YORK ROAD		ABINGTON	PA	19001	215-706-0707
JJM ICES, INC.		ROOSEVELT MALL N.E.	2311 COTTMAN AVENUE, KIOSK-SPACE K-1	PHILADELPHIA	PA	19149	215-332-4404
	RICHARD & TERESA NOWOTARSKI JR	3104 PERKIOMEN AVENUE		ST. LAWRENCE	PA	19606	610-370-4380
	ANDREA J. CHAYKOSKY	100 E BUTLER PIKE		AMBLER	PA	19002	215-793-9080
LEHIGH VALLEY FRANCHISE CORP.		1907 STEFKO BOULEVARD		BETHLEHEM	PA	18017	610-868-5800
	MICHAEL & VIRGINIA SODI	CROSS KEYS PLAZA	4403 SWAMP ROAD	DOYLESTOWN	PA	18901	215-340-9913

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	CHARLES & MARIA STEVENSON	2810 W. RIDGE PIKE	(W. MAIN STREET)	NORRISTOWN	PA	19403	610-631-8492
ICE DANCER, INC.		5681 HAMILTON STREET		WESCOSVILLE	PA	18106	610-481-9310
NEXT ICE AGE L.L.C.		277 ROUTE 61 SOUTH		SCHUYLKILL HAVEN	PA	17972	570-385-9000
	VINCENT A. & KATHLEEN A. WEISS	1923 EAST HUNTING PARK AVENUE		PHILADELPHIA	PA	19124	215-535-1344
	PATRICK L. MILLER	1320 BABCOCK BOULEVARD		PITTSBURGH	PA	15209	412-821-7482
	VINCENT WEISS	2102 BRIDGE STREET		PHILADELPHIA	PA	19124	215-744-6885
	JOHN M. & MARILYN K. MAJEWSKI	1406 W. GORE ROAD	MILLCREEK TWP.	ERIE	PA	16509	814-868-8621
	THOMAS & LINDA SHIMKANIN	405 SOUTH BEST AVENUE		WALNUTPORT	PA	18088	610-767-3447
RJ NAVARRO, LLC	Raymond J. Navarro	BETHEL PARK SHOPPING CENTER	5029 LIBRARY ROAD	BETHEL PARK	PA	15102	412-854-5299
ICE BREAKERS, INC.		427 POTTSTOWN AVENUE		PENNSBURG	PA	18073	215-679-3301
NONNA'S ICES, INC.		2991 WELSH ROAD		PHILADELPHIA	PA	19152	215-676-0900
Southernmost Smiles, Inc.	Bradley A. Pritz	901 S. QUEEN STREET		YORK	PA	17402	717-846-6893
	ANTHONY SCOTT CURTO	3730 WILLIAM PENN HIGHWAY		EASTON	PA	18045	610-250-9110
TWICE AS ICE, INC.		411 SCHUYLKILL ROAD		PHOENIXVILLE	PA	19460	610-933-7742
EASTERN ICEWORKS, LLC		6301 GRAYSON ROAD	SWATARA COMMONS	HARRISBURG	PA	17111	717-561-3811
THE ICE IS RIGHT, INC.		1068 BLAKESLEE BOULEVARD EAST		LEHIGHTON	PA	18235	610-379-5434
DO YOURSELF A FLAVOR, INC.		1512 SULLIVAN TRAIL		EASTON	PA	18040	610-250-0790
ICY BROZE, LLC	Michael G. Brosious	1130 MAIN STREET		HELLERTOWN	PA	18055	610-838-2400

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CI ICE, INC.		1849 EAST THIRD STREET		WILLIAMSPORT	PA	17701	570-326-2943
ICICLES, INC.		1985 LINCOLN WAY		WHITE OAK	PA	15131	412-673-7482
SM ICE, INC.		CEE KAY AUTO COMPLEX	355 MARKET STREET	KINGSTON	PA	18704	570-331-9135
	CHRISTINE M. CRESSLER	10016 MOLLY PITCHER HIGHWAY		SHIPPENSBURG	PA	17257	717-532-9886
MCTOBIN ICE, LLC		139 SOUTH BLAKELY STREET		DUNMORE	PA	18512	570-504-5948
	THOMAS & PATRICIA BOOCK	RR 3 BOX 3427		HAZLETON	PA	18202	570-459-2955
	DAVID & HAYLEY STEELE	105 NORTHUMBERLAND STREET	DANVILLE PLAZA	DANVILLE	PA	17821	570-275-7515
	JAMES E. PLUMMER	640 EAST PENN AVENUE		CLEONA	PA	17042	717-306-4437
	JASON GEAKE	ROUTE 209 AND BUSH LANE	BRODHEADSVILLE	CHESTNUTHILL TOWNSHIP	PA	18322	570-992-8443
CITY LINE HOSPITALITY, L.L.C.		CITY AVENUE S.C.	7718 CITY AVENUE	PHILADELPHIA	PA	19151	215-879-2000
STARSCON ENTERPRISES, INC.		BOX 305, ROUTE 11 & 15		SELINGSGROVE	PA	17870	570-743-1618
PMC316, INC.		4041 ROUTE 309		SCHNECKSVILLE	PA	18078	610-799-5383
J. J. ICES ENTERPRISES, INC.		2105 SPROUL ROAD		BROOMALL	PA	19008	610-355-0340
NC ENTERPRISES, INC.		1245 LINCOLN WAY EAST		CHAMBERSBURG	PA	17202	717-263-5710
	EDWARD E. TERMYNA, JR.	808 NORTH CHARLOTTE STREET		POTTSTOWN	PA	19464	610-970-5152
	PHILLIP & GRETCHEN KNITTLE	1901 COLUMBIA BLVD.	UNIT #4	BLOOMSBURG	PA	17815	570-380-7515
	JAMES W. GROVE	246 S. SECOND STREET		HIGHSPIRE	PA	17034	717-939-9820
ICE KISSERS, LLC	Veronica A. Roberts	1717 GOLDEN MILE HWY.		MONROEVILLE	PA	15146	724-733-1864
	TODD GETTYS	1082 CARLISLE ST.		HANOVER	PA	17331	717-646-1400
Ice Bliss, LLC	Candy M Unger	400 WAL-MART DRIVE		GIBSONIA	PA	15044	724-444-4299

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	LINDA G. & ROBERT L. BEILER	5351 LINCOLN HIGHWAY		GAP	PA	17527	717-442-7977
UPPER DAUPHIN ITALIAN ICE L.L.C.		4879 ROUTE 209		ELIZABETHVILLE	PA	17023	717-362-3525
	DIANE BONSELL	30 N. MARKET ST.		ELIZABETHTOWN	PA	17022	717-367-9985
NORTHERN ICE, INC.		1302 FREEDOM ROAD	SUITE 200	CRANBERRY TWP.	PA	16066	724-776-1966
CTD ICES, INC.		1951 LINCOLN HWY EAST		LANCASTER	PA	17602	717-394-2300
	PAUL & JOYCE KAHKONEN	DONALDSON'S CROSSROADS SHOPPING CENTER	4013 WASHINGTON ROAD	MCMURRAY	PA	15317	724-941-5004
Loose Cannon Productions, LLC.	Gerald Matteson	PERKASIE SQUARE	505 CONSTITUTION AVENUE	PERKASIE	PA	18944	215-453-7675
CHERRY ICES, INC.		1401 BRIDGETOWN PIKE		FEASTERVILLE	PA	19053	215-322-8774
JOJO, INC.		1019 S. WASHINGTON AVENUE		SCRANTON	PA	18505	570-344-1100
KEYSTONE ICE WORKS, INC.		4151 A LINGLESTOWN ROAD		HARRISBURG	PA	17112	717-671-8772
HIGHLAND ICE, INC.		1319 NORTH 5TH STREET		STROUDSBURG	PA	18360	570-420-8099
CHALFONT ICE, LLC	Matthew C. Gleave	CHALFONT VILLAGE SQUARE	178 EAST BUTLER AVENUE	CHALFONT	PA	18914	215-822-5094
TRACI LYNN INC.		1435 CHESTER PIKE		EDDYSTONE	PA	19022	610-872-3000
DWP ICE, LLC		29-31 EASTON AVENUE		WARRINGTON	PA	18976	215-441-4171
	JOSEPH DEMARCO	THE CROSSROADS SHOPPING CENTER	351 LOUCKS ROAD	YORK	PA	17404	717-846-2665
TRINITY ICES, INC	Martin C. David	TRINITY POINT SHOPPING CENTER	74 TRINITY POINT DRIVE	WASHINGTON	PA	15301	724-914-6000
ROE-LIPSKY ENTERPRISE, INC.		NESHAMINY MALL	707 NESHAMINY MALL, SPACE 812 K	BENSALEM	PA	19020	215-357-5661

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2 KOOL GUYZ ICE, LLC		613 POCONO BLVD.		MOUNT POCONO	PA	18344	570-839-6955
CTD ICES, INC.		46 PETERS ROAD		LITITZ	PA	17543	717-625-4991
	DIANN R. REPASKY & DALE SCOTT	EASTGATE SHOPPING CENTER	5138 ROUTE 30	GREENSBURG	PA	15601	724-832-0499
	PAULA CUMMINGS	3100 OAKLAND AVENUE	UNIT # 32	INDIANA	PA	15701	724-463-1306
	GREGG C. & DIANNA K. NEWKIRK	8472 ALLENTOWN PIKE		BLANDON	PA	19510	610-916-6002
	GREGG C. & DIANNA K. NEWKIRK	Kutztown University	Dixon Marketplace	Kutztown	PA	19530	610-916-6002
	GREGG C. & DIANNA K. NEWKIRK	101 EAST MAIN STREET		BIRDSBORO	PA	19508	610-621-2827
	GREGORY J. & TONI L. MCELVANEY	1640 MOUNT HOPE AVENUE		POTTSVILLE	PA	17901	570-628-0350
	PARRISH & BRENDA STAUFFER	309 EAST PHILADELPHIA AVENUE		BOYERTOWN	PA	19512	610-473-0074
	DAVID V. & HEATHER RESTITUTO	6200 A FRANKFORD AVENUE		PHILADELPHIA	PA	19135	215-533-2242
ROE-LIPSKY ENTERPRISE INC.		FRANKLIN MILLS MALL K-920	1455 FRANKLIN MILLS CIRCLE	PHILADELPHIA	PA	19154	215-612-1718
	NICHOLAS HANO	500 WEST BROAD STREET		QUAKERTOWN	PA	18951	215-529-9892
	LARWENCE M. MALONEY	1175 FREEPORT ROAD	FOX CHAPEL PLAZA	PITTSBURGH	PA	15238	412-784-1549
Triple N Ice, Inc.	Joshua R. Nowotarski	3080 WEST MAIN STREET		MORGANTOWN	PA	19543	610-286-0733
A5 ICE, LLC		GRANITE RUN SQUARE	1585 MANHEIM PIKE	LANCASTER	PA	17601	717-569-5651
	MICHAEL J. DENDIS	137 SOUTH MAIN STREET		NEW HOPE	PA	18938	215-862-5525
Nitle Corp	Edward Shvarts	427 MCNEILLY ROAD		PITTSBURGH	PA	15226	412-563-1577
JLC Enterprise, LLC	Jason L. Calandra	52 EAST LAWN ROAD		NAZARETH	PA	18064	610-746-3383

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SCOOP'N N PUMP'N, LLC	Christopher W. Dalfonso	1511 SPRUCE STREET		PHILADELPHIA	PA	19102	215-545-7661
	JOSEPH AND JOAN MILLER	1901 WEST OREGON AVENUE		PHILADELPHIA	PA	19145	215-467-0102
SUMMERTIME DELITES, LLC		329 MAIN STREET		HARLEYSVILLE	PA	19438	215-256-4606
LEXI & ALLY, INC.		6154 STEUBENVILLE PIKE		MCKEES ROCKS	PA	15136	412-722-0287
	TODD & JACQUELINE GETTYS	CAPE HORN SQUARE SHOPPING CENTER	617 LOMBARD ROAD	RED LION	PA	17356	717-246-7007
	KATE COX	1135 YORK ROAD		WILLOW GROVE	PA	19090	215-659-1047
	MARK A. MILLER	466 SHREWSBURY COMMONS AVENUE		SHREWSBURY	PA	17361	717-235-8588
FURLONG ICES, INC.		790 EDISON FURLONG ROAD		FURLONG	PA	18925	215-794-8388
TASTE-DEMM ICES., INC.		VILLAGE SHIRES SHOPPING CENTER UNIT B-1	1468 BUCK ROAD	HOLLAND	PA	18966	215-860-5402
KOOL BEANS, INC.	Greg Rhoades	100 WEST MAIN STREET	P.O. BOX 72	MACUNGIE	PA	18062	610-966-5560
KOOL BEANS, INC.	Greg Rhoades	Dorney Park (2 locations)	4000 Dorney Park Road	Allentown	PA	18104	610-966-5560
	STEVE KALLEN	WARRINGTON SHOPPING CENTER	1380 EASTON ROAD, UNIT 1	WARRINGTON	PA	18976	215-343-5650
MILAN'S ICE OAKLAND, LP		3712 FIFTH AVENUE		OAKLAND	PA	15213	412-621-6423
HOSLER'S TREATS 'N EATS, LLC	Philip J. Holser	85 DOE RUN ROAD, STORE # 13		MANHEIM	PA	17545	717-664-2102
JAK HOSPITALITY, LLC		4409 MAIN STREET		PHILADELPHIA	PA	19127	215-482-3690
	JAMES R. & BETSIE A. RUTOLO	3219 CHERRYVILLE ROAD		NORTHAMPTON	PA	18067	610-262-9020
	JUDY GORNIAK & RICK GORNIAK	2429 EAST CARSON STREET		PITTSBURGH	PA	15203	412-798-3280

COMPANY	CONTACT	STORE ADDRESS	ADDRESS2	CITY	STATE	ZIP CODE	PHONE
HAPPY VALLEY ICES, LLC		119 EAST BEAVER AVENUE		STATE COLLEGE	PA	16801	814-231-1366
	BRAD LEVENTHAL	SUBURBAN CONCOURSE	1500 MARKET STREET SPACE # 114	PHILADELPHIA	PA	19102	215-231-9940
L & S ICE TREATS, LLC	Susan E. Leidy-Slack	1202 NORTH GRAVEL PIKE	SUITE 400	ZIEGLERVILLE	PA	19492	610-287-2033
Cups & Cones, LLC	Tricia Campese	OXFORD SQUARE SHOPPING CENTER	321 NORTH THIRD STREET, SUITE 453	OXFORD	PA	19363	610-932-2523
3 MEN & A GELATI, LLC		220 WILMINGTON WEST	WEST CHESTER PIKE	CHADDS FORD	PA	19137	610-459-8249
	JAMES E. & PATRICIA S. TURNER	2323 POTTSTOWN PIKE		POTTSTOWN	PA	19465	610-469-6669
K&J DREAMS, INC.		CHESTERBROOK VILLAGE CENTER, STORE #C6	500 CHESTERBROOK BLVD.	WAYNE	PA	19087	610-64-4285
RMT.COM, LLC		1505 CECIL B. MOORE AVENUE		PHILADELPHIA	PA	19121	215-765-6510
GELATI GIOLA, INC.		809 EAST MAIN STREET		MT. JOY	PA	17552	717-653-0173
NL535, LLC	Bradley J. Leventhal	800 NORTH 2ND STREET		PHILADELPHIA	PA	19123	267-639-4602
CTD ICES, INC.		3929 COLUMBIA AVENUE		COLUMBIA	PA	17512	717-285-2286
PAPA'S ICES, INC.		8601 FRANKFORD AVENUE		PHILADELPHIA	PA	19136	
KRJ ASSOCIATES, INC.	KENNETH R. & REBECCA C. JACKSON	2829 WEST GIRARD AVENUE		PHILADELPHIA	PA	19130	215-235-9300
KRJ ASSOCIATES, INC.	KENNETH R. & REBECCA C. JACKSON	Please Touch Museum	4231 Avenue of the Republic	PHILADELPHIA	PA	19131	215-235-9300
KRJ ASSOCIATES, INC.	KENNETH R. & REBECCA C. JACKSON	Dell East Music Center	N. 33rd & W. Dauphin Streets	PHILADELPHIA	PA	19132	215-235-9300
1215 INCORPORATED	Galen Moorer	401 EAST OHIO STREET		PITTSBURGH	PA	15212	412-322-7423
1215 INCORPORATED	Galen Moorer	PNC Park	115 Federal Street	PITTSBURGH	PA	15212	412-322-7423

COMPANY	CONTACT	STORE ADDRESS	ADDRESS2	CITY	STATE	ZIP CODE	PHONE
1215 INCORPORATED	Galen Moorer	Mellon Arena	66 Mario Lemieux Pl	PITTSBURGH	PA	15212	412-322-7423
GORN ENTERPRISES, LLC		10376 PERRY HIGHWAY		WEXFORD	PA	15090	
L&K SNOW ANGELS, INC.		3322 LIMEKILN PIKE		WARRINGTON	PA	18914	215-997-5777
	NICOLE & CAMERON PRICE	11330 BUCHANAN TRAIL EAST		WAYNESBORO	PA	17268	
	JAMES E. PLUMMER	629 East Main Street		Palmyra	PA	17078	717-838-3350
	MICHAEL R. & KAREN WEBER	1565 POST ROAD		WARWICK	RI	02886	401-737-4417
	Jeffrey L. Clemens	2400-A North Pleasantburg Drive		GREENVILLE	SC	29609	864-436-1301
MRT, INC.	David Tremarelli	RITA'S-COLIGNY PLAZA	*do not send mail to store/use home address	HILTON HEAD	SC	29928	843-686-2596
THE RED LETTER GROUP, LLC		VILLAGE AT SANDHILLS	130-14 FORUM DRIVE	COLUMBIA	SC	29229	
LOW COUNTRY ICES, LLC		THE SHOPS AT WESTCOTT	9770 DORCHESTER ROAD, SUITE 105	SUMMERVILLE	SC	29485	843-261-7482
AIKENS ENTERPRISE, LLC		915 S. IRBY STREET		FLORENCE	SC	29501	
Low Country Ices, LLC		4958 Centre Pointe Drive		N. Charleston	SC	29418	843-2617482
	Steve Kuhns David Schmidt	280 Harbison Boulevard, Suite M		Columbia	SC	29212	803-407-2343
	Rob Pompilio	100 Market Street		Chattanooga	TN	37402	423-531-2735
BIG DOGS ITALIAN ICE, LLC		26 MARKET SQUARE		KNOXVILLE	TN	37902	865-438-7723
	Thomas F. Gasior	305 New Byhalia Road	Suite 101	Collierville	TN	38017	901-221-8443
	WILLAM NUSS & CHARLIE POWELL	Hamilton Place Town Center	1061 Hamilton Place Drive	Johnson City	TN	37604	423-282-3498
222 Northsixth, Inc	Frank Assorgi	McNeil Crossing Shopping Center	6001 W. Parmer Lane	Austin	TX	78727	512-996-8436

COMPANY	CONTACT	STORE ADDRESS	ADDRESS2	CITY	STATE	ZIP CODE	PHONE
Icy Treats, LLC	Jamahla Murgerson	Legacy Drive Village	7000 Independence Parkway	Plano	TX	75025	972-312-9640
Mark & Cindy Sebal, LLC	Cynthia Sebal	El Dorado Blvd. Shopping Center	1849 El Dorado Blvd., Suite B	Houston	TX	77062	281-486-7482
Plano Italian Ice, LLC	Monica and Sedrick Evans	Twin Creeks Village Shopping Center	816 W. McDermott Drive Suite #316	Allen	TX	75013	214-383-2785
Vice Enterprises, LLC	Lisa Vice Deano Vice	6825 S. Fry Road		Katy	TX	77494	281-391-RITA
Cool Treats, Inc.	David Rastelli John Rastelli	3267 Bee Caves Road	Suite 126	Austin	TX	78746	512-347-8000
	Erica K. Freeman	301 Clifford Center Drive	#107	FORTH WORTH	TX	76108	817-246-7482
Loonstar, LLC	Joseph C. Jensen	Guadalupe Retail Center	2828 1/2 Guadalupe Street	AUSTIN	TX	78745	512-476-7482
McKices Corporation	Mark McKenna	6026 Seawall Blvd.	Unit E	GALVESTON	TX	77551	409-744-4237
FIVE WISE GUYS, LLC	John P. Jakszta	410 W. Southlake Blvd		Southlake	TX	76092	817-251-8811
	John Jakszta & David Lewis	501 North Industrial Blvd	Suite 200	Bedford	TX	76021	817-354-6423
	Jason Durham & Tatum Kane	The Pines of Flower Mound	1181 Flower Mound Road	Flower Mound	TX	75028	972-784-4339
RKD Ices, LLC	Diana L. Black	Kings Dominion	16000 Theme Park Way	Doswell	VA	23047	540-907-3072
ICE JERKS, LLC	Kristen A. Vicencio	10726 Fairfax Boulevard		Fairfax	VA	22030	703-272-7373
K & K Ices II, LLC	Kelly L. Holschuh	Suffolk Plaza Shopping Center	882 Main Street	Suffolk	VA	23434	757-925-0474
Mountainview Cool Treats, LLC	Harry King	5097 Westfields Boulevard		CENTREVILLE	VA	20120	703-817-1220
VA BEACH ICE, LLC	PAUL BUJWID	1080 NIMMO PARKWAY SUITE 104		VIRGINIA BEACH	VA	23454	757-430-7646
PASSION FRUITS, INC.		12286 WARWICK BOULEVARD		NEWPORT NEWS	VA	23606	757-595-5992
	CALLEY & MONICA PITTMAN	2430 VALLEY AVENUE		WINCHESTER	VA	22601	540-535-1955
RICCIO'S ICES, LLC		11105 LEAVELLS ROAD	LEAVELLS SQUARE, UNIT # 6	FREDERICKSBURG	VA	22407	540-891-5526

COMPANY	CONTACT	STORE ADDRESS	ADDRESS2	CITY	STATE	ZIP CODE	PHONE
	WILLIAM & VALERY PAWLAK	220 MONTICELLO AVENUE		WILLIAMSBURG	VA	23185	301-576-8286
PINK ICE INC.		5256 PROVIDENCE ROAD	SUITE B	VIRGINIA BEACH	VA	23464	757-474-2770
Water Ice of Virginia I, LLC	MARK MELLON	CLOVER HILL SHOPS	13918 HULL STREET ROAD	MIDLOTHIAN	VA	23112	804-595-0970
Water Ice of Virginia I, LLC	MARK MELLON	Sports Quest	2419 Colony Crossing Place	MIDLOTHIAN	VA	23112	804-595-0970
Water Ice of Virginia I, LLC	MARK MELLON	The Diamond	3001 N. Boulevard	Richmond	VA	23112	804-595-0970
Water Ice of Virginia I, LLC	MARK MELLON	MIDLOTHIAN VILLAGE SQUARE	13826 VILLAGE PLACE DRIVE	MIDLOTHIAN	VA	23114	804-594-2330
	MELISSA COTTER SMASAL & MICHAEL B. SMASAL	4640 SHORE DRIVE	SUITE 111	VIRGIINA BEACH	VA	23455	757-390-4890
	ZAKIYA W. & KEVIN A. BATES	6242 C LITTLE RIVER TURNPIKE		ALEXANDRIA	VA	22312	703-256-rita
NOSOTRAS CORP.		POTOMAC MILLS MALL	2700 POTOMAC MILLS CIRCLE, SPACE #127 SUITE 701	WOODBIDGE	VA	22192	703-490-5988
	MARK CARDIFF & SERINA A. NEUMANN	GREENBRIER SHOPPES	501 KEMPSVILLE ROAD, SUITE 102	CHESAPEAKE	VA	23320	757-410-8850
K & K Ices, LLC		4105 Chesapeake Square Blvd.	Suite 109	Chesapeake	VA	23321	757-405-0050
H & H Sisters Too, LLC		Madison Farm Shopping Center	13350 Minnieville Road	Woodbridge	VA	22192	703-680-6803
	JOHN HAGAN	109B College Avenue		Blacksburg	VA	24060	540-951-7482
	MONICA L. PITTMAN	321 Aikens Center		Martinsburg	WV	25401	304-267-3890

UNOPENED STORES AS OF DECEMBER 31, 2012

(Franchisees have signed Franchise Agreements, but have not yet opened stores)

COMPANY/CONTACT	ADDRESS	CITY	STATE	ZIP	PHONE
Cinders, LLC	4727 E. Bell Road, Suite 57	Phoenix	AZ	8503 2	612-867- 7333
Jacob M. Cosme and Joshua M. Pascua**	3725 Vinton Ave, #6	Los Angeles	CA	9003 4	909-234- 1477
YOUNG AND HANNAH KO**	11500 Tennessee Ave # 131	Los Angeles	CA	9006 4	267-210- 9711
REGINALD SCALES*	18 Langford Lane	Ladera Ranch	CA	9269 4	310-902- 2396
RT Ice, LLC, Romina Faramarzi**	17410 Tarzana Street	Encino	CA	9131 6	818-458- 2633
Rosen Sweet Ice, LLC, Chaim Rosen**	101 N. Alta Vista Blvd.	Los Angeles	CA	9003 6	323-397- 8081
SoCal Dolce, Inc, Sayjal Patel**	3263 Camino de los Coches	Carlsbad	CA	9200 9	760-613- 9185
ROBERT CHEN**	100 S. Alameda #450	Los Angeles	CA	9001 2	626-322- 5741
MATTHEW H. LEVY	18555 Mountain Lane	Castro Valley	CA	9455 2	510-396- 3230
JOE DEANGELIS	P.O. Box 416	Poughquag	NY	1257 0	914-204- 2469
DANIEL ONOFRIO & DOMINICK BOANNO JR & KEVIN KELLOGG	1055 HUNTINGTON TURNPIKE	BRIDGEPORT	CT	0661 0	203-499- 9187
KATHLEEN SAVOCA & ROY SAVOCA	212 CESSNA BOULEVARD	PORT ORANGE	FL	3212 8	386-760- 1748
SCOTT COLLIER	PO BOX 945	WINTER HAVEN	FL	3388 4	863-324- 5708
MICHAEL MACIK	12351 WATER OAK DRIVE	ESTERO	FL	3392 8	239-947- 3123
VICTORIA ICE, INC.- Michael P. Tchou	4103 Lomar Terrace	Mount Airy	MD	2177 1	301-830- 1268
JIM CHISMAR	4405 Shadow Cove Lane	CHARLOTTE	NC	2821 6	704-689- 5089
DAVID J. MOORE & LINDA B. MOORE	133 PEARSON LANE	BLACK MOUNTAIN	NC	2871 1	828-357- 5075
Preston and Dodd, LLC, Tom Kowal	6 Crossway	Clinton	NJ	0880 9	908-638- 8230
WILLIAM FAWLEY*	28 Embassy Drive	Woolwich	NJ	0808 5	609-313- 7196
JOSEPH DERA	1353 Smithville- jacksonville Rd	Bordentown	NJ	0850 5	609-206- 3689
PAUL AND ROCHELLE WEINSTEIN**	9304 Winfrey Avenue	Las Vegas	NV	8914 8	973-452- 5146
IRVING DOBBS	2263 Trafalgar Court	Henderson	NV	8907 4	303-619- 0009
TIM JARLOCK	7425 Central Butte Avenue	Las Vegas	NV	8912 9	702-533- 3717
JOE DANGELIS	P.O. Box 416	Poughquag	NY	1257 0	914-204- 2469

COMPANY/CONTACT	ADDRESS	CITY	STATE	ZIP	PHONE
TODD JAMES	6318 Bentley Drive	VICTOR	NY	14564	585-329-1109
JULIE PIZZARELLI	47 Beck Road	Poughkeepsie	NY	12601	845-229-2993
JEFFREY BESSELMAN	2390 Jordan Drive	Cortlandt Manor	NY	10567	914-788-5111
MICHAEL KUSHNIR & PETER VULPONE	9 SHARON WAY	YONKERS	NY	10710	914-963-7375
JOSHUA S. TEITELBAUM & NOAH E. TEITELBAUM	310 EAST 70TH STREET	NEW YORK	NY	10021	212-717-1601
MATTHEW SIMON	626 Lower State Road	North Wales	PA	19454	267-249-7332
RONALD CALVY	1717 Sue Ellen Drive	Havertown	PA	19083	610-804-8613
Wayne Ice Treats, LLC, James Buysse	326 S. Valley Road	Paoli	PA	19301	610-291-7977
JAMES PRYSTASH	72 Craven Drive	Charleroi	PA	15022	412-889-3207
DAVID HENDRI	634 Church Road	Elkins Park	PA	19027	215-962-8400
Kemi LLC, Kenneth Lee	2124 South Street	Philadelphia	PA	19146	267-254-0385
KAKHIA TRADING, INC., Mohamad Kakhia	1174 Horseshoe Drive	Blue Bell	PA	19422	610-745-0527
MARK AND TAMMY HEIM	327 Longmeadow Road	Lancaster	PA	17601	717-951-9827
JOHN RODGERS*	841 Topaz Drive	West Chester	PA	19382	610-220-9850
JOANN K. SHORE & RICHARD W. SHORE	231 WOODED WAY	STATE COLLEGE	PA	16803	814-234-6636
CAROL HOPPY	4158 KISTLER ROAD	SCHNECKSVILLE	PA	18078	610-398-3169
FRANK ROVITO, TONIA ROVITO & LISA SAAR & RICHARD SAAR	204 CHESTNUT GROVE ROAD	DILLSBURG	PA	17019	717-432-2333
GARRETT M. SHANNON	500 Kensington Drive Apt. 513	Jacksonville	NC	28546	910-750-2277
JENNIE DAVIS	5875 Ryans Bluff Rd	N Charleston	SC	29418	914-850-5043
DON DYMESICH	23520 Faith Church Road	Mason	WI	54856	715-765-4483
A&SQ UNITED, LLC, Amer A. Quaddoura**	1100 Bering Drive	Houston	TX	77057	267-229-2719
SEDRICK AND MONICA EVANS	5000 Townsend Drive	Flower Mound	TX	75028	972-874-1393
Joseph Baez	2016 Sandy Point Road	Harker Heights	TX	76548	254-702-6102
ARTHUR PINEDA	12110 Preece Court	Cypress	TX	77429	281-620-3177
Jamahla Murgerson	10230 Burnt Mill Lane	Frisco	TX	75035	215-620-6544
KYLENE ASSORGI	17 Green Terrace Cove	AUSTIN	TX	78734	317-409-8163

COMPANY/CONTACT	ADDRESS	CITY	STATE	ZIP	PHONE
DAVID RASTELLI	830 West 3rd Street #4140	AUSTIN	TX	7870 1	508-472- 7606
MARK SEBALD	4507 Sterling Wood Way	Spencerville	TX	7705 9	281-782- 7166
JASON DURHAM	710 Eringlen Lane	Highland Village	TX	7507 7	972-539- 7882
JOHN JAKSZTA	1506 Kingswood Lane	Colleyville	TX	7603 4	817-788- 1506
JOSEPH C. JENSEN & DENISE S. JENSEN	429 GRAPE CREEK ROAD	JOHNSON CITY	TX	7863 6	207-787- 4079
Lucky 17, LLC, Todd Larson*	13256 Bellevue Way	Draper	UT	8402 0	801-867- 2223
NANCY AND DARRYL HUFTEN	508 New Britain Drive	Lynchburg	VA	2450 3	434-385- 5012
JERRY CRISSMAN	809 Beacon Hill Place	Chesapeake	VA	2332 2	757-546- 0138
MARK MELLON & DANIEL E. DICANDILO	16300 FOX CREEK FOREST DRIVE	MOSELEY	VA	2312 0	540-992- 6930
Pierpont Fuels, LLC, Rick Biafora	2285 Lakeside Estates	Morgantown	WV	2650 8	304-292- 0900

*Indicates an Area Developer

**Indicates a 5 Unit Pack owner

STORES CLOSED IN THE PREVIOUS FISCAL YEAR

COMPANY	CONTACT	STORE ADDRESS	CITY	STATE	ZIP CODE	PHONE
BKA ENTERPRISES, LLC		1015 GATEWAY BLVD., Unit 406	BOYNTON BEACH	FL	33426	561-734-3966
	KEITH E. & ANNIE L. BOBENRIETH	WESTWINDS OF BOCA RATON SHOPPING CENTER, 9858 GLADES ROAD, SUITE D-1 SUITE D-1	BOCA RATON	FL	33434	561-479-1470
	Keith & Annie Bobenrieth	Lantana Square Shopping Center, 6169 Jog Road, #2C	Lake Worth	FL	33463	561-966-8830
	RANDY MORRIS	11640 N. DALE MABRY HWY	TAMPA	FL	33618	813-374-2419
Wolf's Ice Folly, LLc	Steven J. Wolf	MIDWAY PLAZA, 5709 N. UNIVERSITY DRIVE, UNIT#12	TAMARAC	FL	33321	954-597-9040
CALVERT CROSSLAND CAPITAL PARTNERS, INC.		UNIVERSITY VILLAGE SHOPPING CENTER, 2020 WEST PENSACOLA STREET, SUITE 32	TALLAHASSEE	FL	32304	850-329-6719
L & M CREATIONS, LLC		SUMMERFIELD SQUARE, 13149 South US HWY 301	Riverview	FL	33578	813-741-0423
	Jason Noggoh	2986-B JOHNSON FERRY ROAD	MARIETTA	GA	30062	678-401-8629
	Jason Noggoh	4500 West Village Place, Suite 1009 B	Smyrna	GA	30080	678-401-8629
	Harry & Kathleen Jones	4306 Lawrenceville Highway, Suite 120	Tucker	GA	30084	678-615-2356
LAWRENCEVILLE WATER ICE, LLC	Anthony Coston	169 A WEST PIKE STREET	LAWRENCEVILLE	GA	30045	678-985-1082
FERDY'S WATER ICE INC.	Douglas Ferdinand	THE SHOPPES OF LITTLE RIVER, 12201 HIGHWAY 92; SUITE F	WOODSTOCK	GA	30188	770-672-0806
BRAIN FREEZE ONE, LLC	Tom Prosperi	5403 EAST DRIVE	ARBUTUS	MD	21228	410-695-2204
	William Gibbs, Jr.	6909 Coastal Hwy	Ocean City	MD	21842	410-289-9106
NC ICES, LLC	Kelly Lum	MCCRIMMON CORNERS SC, 4141 Davis Drive	Morrisville	NC	27560	919-401-4271
J-MAC II, LLC	John McClendon, II	1605 Galleria Blvd, Suite 140	Charlotte	NC	28270	704-698-0104

COMPANY	CONTACT	STORE ADDRESS	CITY	STATE	ZIP CODE	PHONE
Foothills Ice, LLC	Joseph Young	964 Second Street NE	Hickory	NC	28601	(828) 244-1248
I SEE TREATS FOR YOU, LLC	Frank J. Martielli	107 QUIMBY STREET	WESTFIELD	NJ	07090	908-688-6160
	Edward Campbell	300 Route 46 West	Little Ferry	NJ	07643	201-941-8439
Ceebee Enterprises, LLC	Clifton Holmes	443 Central Avenue	Jersey City	NJ	07307	201-963-5800
	Ruth Idrovo	3135 Kennedy Boulevard	North Bergen	NJ	07047	973-618-1682
	STEPHEN A. & CARRIE J. SAUTER	2717 ROUTE 112 (MEDFORD AVENUE)	Medford	NY	11763	631-363-5611
The Britt Company	Barbara Jean Thomas	5221 Mahoning Avenue	Austintown	OH	44515	330-793-7921
CI ICE, INC.	Ronald Insinger	543 HIGH STREET	Lockhaven	PA	17745	570-368-4797
Philly Ice Enterprises, LLC	Corcoran Burton	2900 North Broad St.	Philadelphia	PA	19132	610-459-5717
	Edward V. Boornazian, Benjamin C. Smith & Lori M. Smith	2600 Willow Street Pike North, #308	Willow Street	PA	17584	717-464-7445
MADONNA ICE, INC.	Madonna Barnes	1067 W. Baltimore Pike, Room 0125	Media	PA	19063	302-838-1541
	GREG & KRIS INNES	2044 PENNY LANE	Jeannette	PA	15644	412-795-9657
BRI, Inc.	Brian Brown	3501 Clemson Blvd, Suite 11	Anderson	SC	29621	732-861-0431
ICE CHIPS, INC.	Dave Tremarelli	50 Burnt Church Road, Building 100, Unit A	Bluffton	SC	29910	843-686-6482
UJAMAA ICE, LLC	Josina Woodruff	3935-I Pelham Road	Greenville	SC	29615	301-706-9883
R & S Ice Ventures, Inc.	Renee Dugger	4219 Lebanon Pike	Hermitage	TN	37076	615-758-8385
Alex Ice, Inc.	Peppino Panecaldo	727 W. 21st St.	Norfolk	VA	23517	757-671-3347

FRANCHISEES WHO NEVER OPENED STORES AND CEASED TO DO BUSINESS

COMPANY	ADDRESS	CITY	STATE	ZIP	PHONE
DelShel, LLC- Joseph F. Delaney	32820 N. 43rd Street	Cave Creek	AZ	85331	602-647-0134
Keith E. Bobenrieth & Annie L. Bobenrieth	6564 Brookhurst Circle	Lake Worth	FL	33436	850-376-6600
JAMIE D. BROWN	5540 Stephens Mill Drive	Sugar Hill	GA	30518	404-428-9330
JEFFREY T. PINZHOFFER	12941 RIDGE LANE	OCEAN CITY	MD	21842	443-944-2736
IAN WHIPKEY	5041 GREEN MOUNTAIN CIRCLE #3	COLUMBIA	MD	21044	410-730-3110
EDWARD CAMPBELL	514 Westview Avenue	Cliffside Park	NJ	07010	201-852-6528
DAWN J. WASHINGTON & DEAN M. WASHINGTON	41 RICE RUN	EAST BRUNSWICK	NJ	08816	732-432-4138
JAMES A. MCDOWELL	6150 W. Eldorado Parkway	McKinney	TX	75070	972-658-1372

**EXHIBIT E TO
FRANCHISE DISCLOSURE DOCUMENT**

FINANCIAL STATEMENTS

Rita's Holdings, LLC and Subsidiaries

Consolidated Financial Report

December 31, 2012

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Independent Auditor's Report

To the Members
Rita's Holdings, LLC
Trevose, Pennsylvania

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Rita's Holdings, LLC and subsidiaries (collectively the "Company") (a limited liability company) which comprise the consolidated balance sheet as of December 31, 2012 and the related consolidated statement of operations and members' equity and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rita's Holdings, LLC and subsidiaries as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

McGladrey LLP

New York, New York
March 20, 2013

Rita's Holdings, LLC and Subsidiaries

**Consolidated Balance Sheet
December 31, 2012**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 2,596,082
Accounts and notes receivable - net	1,215,166
Due from related party	645,961
Other current assets	523,281

Total current assets 4,980,490

Property and Equipment - net of accumulated depreciation 1,386,474

Other Assets:

Goodwill	5,778,163
Other intangible assets - net of accumulated amortization	34,546,989
Deferred financing costs - net of accumulated amortization	716,265
Notes receivable - net of current portion	532,277

Total other assets 41,573,694

Total assets \$ 47,940,658

LIABILITIES AND MEMBERS' EQUITY

Current Liabilities:

Accounts payable	\$ 459,338
Accrued payroll	682,995
Unredeemed gift card liability	734,266
Current portion of deferred revenue	1,408,988
Current maturities of long-term debt	548,704
Other current liabilities	997,219

Total current liabilities 4,831,510

Long-Term Liabilities:

Deferred revenue - net of current portion	1,922,804
Long-term debt - net of current maturities	23,989,211

Total long-term liabilities 25,912,015

Total liabilities 30,743,525

Members' Equity 17,197,133

Total liabilities and members' equity \$ 47,940,658

See Notes to the Consolidated Financial Statements.

Rita's Holdings, LLC and Subsidiaries

**Consolidated Statement of Operations
Year Ended December 31, 2012**

Sales:	
Franchise fees	\$ 2,715,250
Royalty fees	8,350,748
Product sales	19,140,397
Shop sales	<u>196,230</u>
Total revenues	30,402,625
Cost of Revenues	<u>21,091,150</u>
Gross profit	9,311,475
Selling, General and Administrative Expenses	<u>6,575,809</u>
Income from operations before depreciation and amortization	2,735,666
Depreciation and Amortization	<u>3,371,241</u>
Loss from operations	<u>(635,575)</u>
Other Income (Expense):	
Interest expense	(2,741,894)
Interest income	83,224
Other income - net	<u>9,889</u>
Total other expense	<u>(2,648,781)</u>
Net loss	<u><u>\$ (3,284,356)</u></u>

See Notes to the Consolidated Financial Statements.

Rita's Holdings, LLC and Subsidiaries

**Consolidated Statement of Members' Equity
Year Ended December 31, 2012**

Balance, January 1, 2012	\$ 19,800,591
Incentive units issued	680,898
Net loss	<u>(3,284,356)</u>
Balance, December 31, 2012	<u><u>\$ 17,197,133</u></u>

See Notes to the Consolidated Financial Statements.

Rita's Holdings, LLC and Subsidiaries

**Consolidated Statement of Cash Flows
Year Ended December 31, 2012**

Cash Flows From Operating Activities:	
Net loss	\$ (3,284,356)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	3,371,241
Incentive unit compensation expense	680,898
Gain on disposal of property and equipment	(13,740)
Changes in assets and liabilities:	
Accounts receivable	(119,412)
Related party receivable	(381,124)
Accounts payable	111,196
Deferred revenue	1,888,958
Unredeemed gift card liability	(16,989)
Other assets and liabilities	455,517
	<hr/>
Net cash provided by operating activities	2,692,189
	<hr/>
Cash Flows From Investing Activities:	
Acquisition of property and equipment	(1,124,366)
Acquisition of trademark expenses	(127,710)
	<hr/>
Net cash used in investing activities	(1,252,076)
	<hr/>
Cash Flows From Financing Activities:	
Issuance of long term debt	521,665
Repayment of long-term debt	(533,750)
Issuance of notes receivable	(452,410)
	<hr/>
Net cash used in financing activities	(464,495)
	<hr/>
Net increase in cash and cash equivalents	975,618
	<hr/>
Cash and Cash Equivalents:	
Beginning	1,620,464
	<hr/>
Ending	\$ 2,596,082
	<hr/>

See Notes to the Consolidated Financial Statements.

Rita's Holdings, LLC

Notes to the Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting Entity: Rita's Holdings, LLC ("Holdings"), a Delaware Limited Liability Company, was organized on November, 2011 for the purpose of facilitating the acquisition of Rita's Water Ice Franchise Company, LLC ("Franchise") and its wholly owned subsidiary, Rita's Water Ice Real Estate Company, LLC ("Real Estate"). All significant intercompany accounts and transactions have been eliminated. The consolidated group is referred to as the "Company".

Franchise is a Delaware Limited Liability Company formed in April 2005. Real Estate was formed to purchase, lease and develop real estate for future franchise locations. The Company grants a franchise for the right to establish and operate a retail food services shop featuring Italian ice and other frozen confections and approved menu items. All franchises are operated by independent entrepreneurs under the terms of franchise agreements. The Company also operates a training facility which the Company refers to as "Cool University."

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Franchise Operations: The Company currently grants franchising rights under franchise and development agreements to open and operate a specified number of stores in an exclusive geographic area. Franchise agreements and area development agreements are typically executed for a period of ten years and five years, respectively.

Revenue Recognition: Revenues are recorded when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the Company's prices to buyers are fixed or determinable, and collectability is reasonably assured.

The Company derives its significant revenue from the following five principal sources:

Franchise fees are generally recognized as the fees are earned which is generally when the franchised shop begins operations. Unearned franchise fees are included in deferred revenue in the accompanying balance sheets. Franchise costs are generally expensed as incurred which generally include providing the following supervision, assistance and services: site selection, prototype store design, training and pre-opening assistance, an operations manual, continuing assistance and advertising and promotional materials.

Area development fees, and master franchise fees, which are both non-refundable, are charged based upon the location and size of the territory. Area development agreements are domestic and require the franchisee to open a specified number of restaurants in the development area within a specified time period or the agreements may be canceled by the Company. Revenue from development agreements is deferred and recognized ratably on a pro rata basis to the minimum number of agreements required to be executed, or at the time the development agreement is effectively canceled. Master franchise agreements are international and typically allow the master licensee to either act as the franchisee or to sub-franchise to other operators. Master license and territory fees are generally recognized when substantially all the services required of the Company are complete which principally consist of rigorous training performed domestically, and depending on the specific terms of the agreement.

Royalty fees are charged at 6½% which is based upon franchise shop gross sales. Franchise royalties are recognized as earned.

Rita's Holdings, LLC

Notes to the Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued): Product sales represent revenues generated by the sale of products, at discounted pricing, to franchisees. Franchising operations for 2012 (unaudited) are as follows:

Shops - beginning of period	571
Shops opened	19
Shops terminated, sold and reopened	6
Shops closed	(39)
Relocation closed	(10)
	<hr/>
Shops - end of period	547
	<hr/> <hr/>
Signed franchise agreements for shops not yet opened - beginning of year	40
New franchise agreements	80
Shops opened	(19)
Terminations	(6)
	<hr/>
Signed franchise agreements for shops not yet opened - end of period	95
	<hr/> <hr/>

Gift Card Sales and Redemptions: The Company sells gift cards through its franchisees. The Company records a liability at the time of sale until the gift card is redeemed by the franchisee, at which time, the liability is relieved.

Gift card breakage income for gift cards that consumers fail to redeem is recognized in sales based upon management's estimate of its consumers' historical redemption patterns. Gift card breakage income was \$525,000 for the year ended December 31, 2012. Gift card breakage income is included in cost of revenues in the accompanying consolidated statements of income, and the Company uses the breakage to offset certain programs such as the gift card program costs.

Vendor Rebates: Vendor rebates consist primarily of rebates received from the suppliers of product mixes. The Company requires franchisees to purchase all product mixes from two approved vendors. The Company receives rebates from the designated suppliers of approximately 4.3% of total franchisee purchases. The Company records an estimate of earned vendor rebates that are calculated based upon monthly purchases. The Company generally receives payment from vendors approximately 30 days after the quarter end for that quarter's purchases.

Advertising Costs: The Company has established an advertising fund for the common benefit of the franchisees. The purpose of the fund is to pay any and all costs of system wide advertising, marketing and promotional programs through the use of monies collected from franchisees based on a percentage of their sales revenue.

Contributions from franchisees related to the advertising fund constitute agency transactions and are not recognized as revenues and expenses. Related advertising obligations are accrued and the costs expensed at the same time the related contributions are recognized. These advertising fees are recorded as a liability against which specific costs are charged.

Certain employees of the Company perform work for the advertising fund. The Company charges the advertising fund based upon the actual expenditures for these employees. The total amount charged to the advertising fund was approximately \$563,614 for the year ended December 31, 2012.

Notes to the Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Accounts Receivable: Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts.

Deferred Financing Costs: Deferred financing costs are amortized by the effective interest method, over the term of the related debt. Amortization expense was \$175,201 for the year ended December 31, 2012.

Property and Equipment: Property and equipment is recorded at cost. Depreciation subsequent to the acquisition is provided on the straight-line method over the estimated useful lives of the assets.

Maintenance and repairs which are not considered to extend the useful life of assets are charged to operations as incurred. The cost of assets sold or retired and related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in nonoperating expense for the period.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable (see Note 3).

Goodwill: Goodwill represents the difference between the purchase price of the acquired company and the related fair value of the net assets acquired. The Company tests goodwill for impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. In conducting its impairment testing, the Company compares the fair value of each reporting unit to the related net book value. If the fair value of a reporting unit exceeds its net book value, goodwill is not considered to be impaired. If the net book value of a reporting unit exceeds its fair value, an impairment loss is measured and recognized. The Company conducts its annual impairment testing in December each year. For the year ended December 31, 2012, the Company determined that the recorded value for goodwill and other intangibles has not been impaired.

Intangible Assets: The Company evaluates the useful lives of intangible assets. Reaching a determination on useful life requires significant judgments and assumptions. Intangible assets include franchise relationships, trade recipes, proprietary trademarks and names which are amortized on a straight line basis over its useful lives ranging from five to twenty five years.

Fair Value Measurements: The Company applies fair value accounting for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring and non-recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

Rita's Holdings, LLC

Notes to the Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Income Taxes: As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements.

For the year ended December 31, 2012, management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statements. The Company is not subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2011.

The subsidiaries are considered disregarded entities for tax purposes. As such, the operations of the subsidiaries are combined with, and included with, Holdings for income tax purposes.

Subsequent Events: Management evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 20, 2013, the day the financial statements were approved and authorized for issue.

Note 2. Accounts and Notes Receivable

Accounts and notes receivable consists of the following at December 31, 2012:

Franchisees - net of allowance for doubtful accounts of approximately \$13,000	\$	162,187
Current portion of notes receivable		760,234
Vendor rebates		128,321
Other		164,424
		<u>1,215,166</u>
	\$	<u>1,215,166</u>

The current portion of notes receivable includes amounts due from certain franchisees for the purchase of equipment, promotional items, and in certain cases, working capital. These notes are generally collateralized by the equipment and promotional items purchased by the franchisees with the proceeds. The notes bear interest ranging from no interest to 12% and are receivable through March 2022.

Note 3. Property and Equipment

Property and equipment consists of the following at December 31, 2012:

Equipment	\$	217,557
Leasehold improvements		452,036
Computer equipment		695,585
Furniture and fixtures		168,671
Vehicles		59,815
		<u>1,593,664</u>
Less accumulated depreciation		<u>(207,190)</u>
	\$	<u>1,386,474</u>

Rita's Holdings, LLC

Notes to the Consolidated Financial Statements

Note 3. Property and Equipment (Continued)

Depreciation expense was approximately \$189,705 for the year ended December 31, 2012.

The Company recognized a gain on the sale of assets, net of any abandonments, of approximately \$13,740 for the year ended December 31, 2012.

Note 4. Other Intangible Assets

Other intangible assets consist of the following:

	Cost	Accumulated Amortization	Net Book Value	Estimated Useful Life
Supply Agreement	\$ 2,979,000	\$ 645,450	\$ 2,333,550	5 years
Franchise agreements	12,435,000	1,347,125	11,087,875	10 years
Recipes	10,307,000	744,394	9,562,606	15 years
Trademarks	12,082,710	519,752	11,562,958	25 years
	<u>\$ 37,803,710</u>	<u>\$ 3,256,721</u>	<u>\$ 34,546,989</u>	

Amortization of amortizable intangible assets for each of the five years subsequent to December 31, 2012 is as follows:

<u>Years Ending December 31,</u>	
2013	\$ 3,009,742
2014	3,009,742
2015	3,009,742
2016	2,960,092
2017	2,413,942
Thereafter	<u>20,143,729</u>
	<u>\$ 34,546,989</u>

Note 5. Long Term Debt

The Company has a loan agreement that provides for a \$3,500,000 revolving credit loan and two term loans, A and B (see below).

The Company may borrow, repay and re-borrow funds under the revolving credit loan until November 30, 2016, at which time it expires. The revolving credit loan bears interest at a base rate plus 5.00% margin rate (8.25% at December 31, 2012). The base rate is equal to the greater of (i) Federal Funds Rate plus .50%, (ii) Prime Rate, (iii) three month LIBOR rate plus 1.00%. The Company must also pay an unused line fee on a quarterly basis at a rate of .50% per annum on the daily average unused amount, which amounted to \$16,867 for the year ended December 31, 2012. There were no borrowings on the revolving line as of December 31, 2012.

Term Loan A is payable in equal quarterly installments of principal plus interest through September 30, 2012. The balance is due on November 30, 2016. The loan bears interest at a base rate plus 5.00% margin rate (8.25% at December 31, 2012). The base rate is equal to the greater of (i) Federal Funds Rate plus .50%, (ii) Prime Rate, (iii) three month LIBOR rate plus 1.00%.

Rita's Holdings, LLC

Notes to the Consolidated Financial Statements

Note 5. Long Term Debt (Continued)

Term Loan B is due on November 30, 2016. The loan bears interest, payable quarterly, at a base rate plus 11.50% margin rate (14.75% at December 31, 2012). The base rate is equal to the greater of (i) Federal Funds Rate plus .50%, (ii) Prime Rate, (iii) three month LIBOR rate plus 1.00%.

The senior subordinated loans are due to certain sellers, pursuant to the acquisition. The loans, which mature in March 2017, are subordinate to the term loans and revolving loan. The loans bear interest at 12% through November 2014, and 15% thereafter, through the maturity date. Interest is due on March 31 and September 30 of each year, through the maturity date. Interest accrued on each Payment Date shall not be paid in cash and shall instead be added to the Unpaid Principal Amount and interest shall thereafter accrue on such increased principal amount, and such amounts will no longer be considered accrued and unpaid interest but rather permanently added to the principal amount of the note.

Borrowings under the loan agreement are collateralized by substantially all of the Company's assets. The agreement also contains various financial and nonfinancial covenants.

Long-term debt consists of the following at December 31, 2012:

Term Note A - NXT Capital	\$ 10,141,250
Term Note B - Solutions Capital I, L.P.	9,375,000
Senior subordinated notes	4,970,255
Vehicle loans	<u>51,410</u>
	24,537,915
Less current maturities	<u>548,704</u>
	<u>\$ 23,989,211</u>

Approximate future aggregate maturities of long-term debt are as follows:

<u>Years Ending December 31,</u>	
2013	\$ 548,704
2014	548,482
2015	549,023
2016	17,921,451
2017	<u>4,970,255</u>
	<u>\$ 24,537,915</u>

Cash paid for interest was approximately \$2,305,195 for the year ended December 31, 2012.

Note 6. Incentive Units

Incentive units equivalent to 15% of the outstanding units at the date of grant were issued to employees of the Company during 2012. 50% of the units granted are time vesting units that vest 25% per year, and the Company has recorded compensation expense in the amount of approximately \$340,000 in the income statement. The total compensation cost for non-vested time vesting awards not yet recognized as of December 31, 2012 approximates \$1,700,000.

Rita's Holdings, LLC

Notes to the Consolidated Financial Statements

Note 6. Incentive Units (Continued)

The other 50% of the incentive units granted provide the employee with the units upon the Company's achievement of certain target earnings through 2015. Performance units are recognized for awards if it is probable that the performance condition will be achieved. The awards are recognized over the implicit period, which is defined as the period of time it is expected to take to achieve the performance condition. The Company has recorded compensation expense in the amount of approximately \$340,000 in the income statement. The total compensation cost for non-vested performance awards not yet recognized as of December 31, 2012 approximates \$1,700,000.

Note 7. Retirement Plan

The Company maintains a defined contribution profit sharing plan in accordance with the provisions of Section 401(k) of the Internal Revenue Code. The plan generally covers all employees meeting certain age and service requirements. The plan provides for employee elective contributions and discretionary Company matching contributions. Matching contributions were approximately \$65,000 for the year ended December 31, 2012.

Note 8. Commitments and Contingencies

The Company leases its corporate office and various retail spaces. The initial terms of the leases are generally between five and ten years. The leases generally include one or more renewal options and provide that the Company pay maintenance, insurance and property taxes. Several of the leases require percentage rent of 8%, based on sales volume over certain minimum sales levels. Four of the retail spaces are sublet to franchisees under substantially the same terms.

Minimum annual rental commitments under noncancelable leases are as follows at December 31, 2012:

<u>Years Ending December 31,</u>	<u>Minimum Lease</u>	<u>Sublease</u>	<u>Net Lease</u>
	<u>Commitments</u>	<u>Income</u>	<u>Commitments</u>
2013	\$ 514,557	\$ 68,616	\$ 445,941
2014	390,729	68,616	322,113
2015	380,901	50,616	330,285
2016	361,293	22,836	338,457
2017	353,777	7,148	346,629
Thereafter	1,660,278	-	1,660,278
	<u>\$ 3,661,535</u>	<u>\$ 217,832</u>	<u>\$ 3,443,703</u>

Rental expense was approximately \$411,685 net of sublease income of \$44,616 for the year ended December 31, 2012, none of which was the result of a percentage rent based on sales volume.

Rita's Holdings, LLC and Subsidiaries

Consolidated Financial Report

December 31, 2011

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Independent Auditor's Report

To the Members
Rita's Holdings, LLC
Trevose, Pennsylvania

We have audited the accompanying consolidated balance sheets of Rita's Holdings, LLC and subsidiaries (collectively, the "Company") (a limited liability company) as of November 30, 2011 and December 31, 2011 (successor – see Note 1), and the related consolidated statements of income, members' equity, and cash flows for the eleven months (predecessor – see Note 1) and one month then ended (successor). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rita's Holdings, LLC and subsidiaries as of November 30, 2011 and December 31, 2011 (successor), and the results of their operations and their cash flows for the eleven months (predecessor) and one month (successor) then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

New York, New York
March 23, 2012

Rita's Holdings, LLC and Subsidiaries

Consolidated Balance Sheets
December 31, 2011

	November 30, 2011	December 31, 2011
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,202,163	\$ 1,620,464
Accounts and notes receivable - net	586,302	510,297
Due from related party	214,484	264,837
Other current assets	<u>2,724,136</u>	<u>145,922</u>
Total current assets	<u>5,727,085</u>	<u>2,541,520</u>
Property and Equipment - net of accumulated depreciation	<u>420,695</u>	<u>438,073</u>
Other Assets:		
Goodwill	5,778,163	5,778,163
Other intangible assets - net of accumulated amortization	37,676,000	37,425,614
Deferred financing costs - net of accumulated amortization	891,944	891,466
Notes receivable - net of current portion	<u>716,741</u>	<u>665,321</u>
Total other assets	<u>45,062,848</u>	<u>44,760,564</u>
Total assets	<u><u>\$ 51,210,628</u></u>	<u><u>\$ 47,740,157</u></u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$ 533,750	\$ 533,750
Accounts payable	417,035	348,142
Current portion of deferred revenue	903,639	898,083
Unredeemed gift card liability	708,163	751,255
Other current liabilities	<u>666,999</u>	<u>847,336</u>
Total current liabilities	<u>3,229,586</u>	<u>3,378,566</u>
Long-Term Liabilities:		
Long-term debt - net of current maturities	24,016,250	24,016,250
Deferred revenue - net of current portion	<u>576,375</u>	<u>544,750</u>
Total long-term liabilities	<u>24,592,625</u>	<u>24,561,000</u>
Total liabilities	27,822,211	27,939,566
Members' Equity	<u>23,388,417</u>	<u>19,800,591</u>
Total liabilities and members' equity	<u><u>\$ 51,210,628</u></u>	<u><u>\$ 47,740,157</u></u>

See Notes to Consolidated Financial Statements.

Rita's Holdings, LLC and Subsidiaries

**Consolidated Statements of Income
Eleven Months Ended November 30, 2011 and the
One Month Ended December 31, 2011**

	Eleven Months Ended November 30, 2011 Predecessor	One Month Ended December 31, 2011 Successor
Sales:		
Franchise fees	\$ 2,419,590	\$ 74,000
Royalty fees	8,535,232	51,196
Product sales	19,516,946	109,234
Shop sales	<u>226,387</u>	<u>4,949</u>
Total revenues	30,698,155	239,379
Cost of Revenues	<u>20,626,963</u>	<u>320,102</u>
Gross profit (loss)	10,071,192	(80,723)
Selling, General and Administrative Expenses	<u>5,043,479</u>	<u>3,010,148</u>
Income (loss) from operations	<u>5,027,713</u>	<u>(3,090,871)</u>
Other Income (Expense):		
Depreciation and amortization	(310,422)	(272,009)
Interest expense	(107,629)	(232,326)
Interest income	45,718	7,371
Other income - net	<u>59,024</u>	<u>9</u>
Total other income (expense)	<u>(313,309)</u>	<u>(496,955)</u>
Net income (loss)	<u><u>\$ 4,714,404</u></u>	<u><u>\$ (3,587,826)</u></u>

See Notes to Consolidated Financial Statements.

Rita's Holdings, LLC and Subsidiaries

Consolidated Statements of Members' Equity

Period from November 30, 2011 (Date of Acquisition) to December 31, 2011

Capital contribution	\$ 18,388,417
Fair value of units granted to seller	<u>5,000,000</u>
Members' Equity, November 30, 2011	23,388,417
Net loss	<u>(3,587,826)</u>
Members' Equity, December 31, 2011	<u>\$ 19,800,591</u>

See Notes to Consolidated Financial Statements.

Rita's Holdings, LLC and Subsidiaries

Consolidated Statements of Cash Flows
 Eleven Months Ended November 30, 2011 and the
 One Month Ended December 31, 2011

	Eleven Months Ended November 30, 2011 Predecessor	One Month Ended December 31, 2011 Successor
Cash Flows From Operating Activities:		
Net income (loss)	\$ 4,714,404	\$ (3,587,826)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	310,422	272,009
Changes in assets and liabilities:		
Accounts and notes receivable	(281,499)	127,425
Related party receivable	(167,593)	(50,353)
Accounts payable	87,684	(68,893)
Deferred revenue	(1,158,509)	(37,181)
Unredeemed gift card liability	39,409	43,092
Other assets and liabilities	(1,197,266)	(1,119,066)
	<u>2,347,052</u>	<u>(4,420,793)</u>
Net cash provided by (used in) operating activities		
	<u>2,347,052</u>	<u>(4,420,793)</u>
Cash Flows From Investing Activities:		
Acquisition of business	-	(30,713,329)
Acquisition of property and equipment	(66,823)	(39,532)
	<u>(66,823)</u>	<u>(39,532)</u>
Net cash used in investing activities		
	<u>(66,823)</u>	<u>(39,532)</u>
Cash Flows From Financing Activities:		
Capital contribution	-	18,048,529
Issuance of long-term debt	-	20,050,000
Repayment of debt	(2,187,672)	(621,852)
Deferred financing costs incurred	-	(891,466)
	<u>(2,187,672)</u>	<u>(891,466)</u>
Net cash provided by financing activities		
	<u>(2,187,672)</u>	<u>(891,466)</u>
Net increase (decrease) in cash and cash equivalents	92,557	1,411,557
Cash and Cash Equivalents:		
Beginning	<u>116,350</u>	<u>208,907</u>
Ending	<u>\$ 208,907</u>	<u>\$ 1,620,464</u>
Supplementary Information:		
Non-cash transactions - Issuance of subordinated note		<u>\$ 4,500,000</u>
Fair value of units granted to seller		<u>\$ 5,000,000</u>
Transaction costs contributed		<u>\$ 339,888</u>

See Notes to Consolidated Financial Statements.

Rita's Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting Entity: Rita's Holdings, LLC ("Holdings"), a Delaware Limited Liability Company, was organized in November, 2011 for the purpose of facilitating the acquisition (see Note 2) of Rita's Water Ice Franchise Company, LLC ("Franchise") and its wholly owned subsidiary, Rita's Water Ice Real Estate Company, LLC ("Real Estate"). All significant intercompany accounts and transactions have been eliminated. The consolidated group is referred to as the "Company."

References in this report to "Successor" refer to Holdings on or after November 30, 2011, the Acquisition Date (see Note 2). References to "Predecessor" refer to Franchise prior to the Acquisition Date. The consolidated financial statements as of December 31, 2011 and for the one month ended December 31, 2011 represent the Successor's financial position and results of operations (the "Successor Period"). The consolidated financial statements for the eleven months ended November 30, 2011 represent the Predecessor's financial position and results of operations (the "Predecessor Period"). References in this report to "Franchise" refer to Rita's Water Ice Franchise Company, LLC and its consolidated subsidiaries, whether Predecessor and/or Successor, as appropriate. The Predecessor Period reflects the historical accounting basis of the Predecessor's assets and liabilities, while the Successor Period reflects assets and liabilities at fair value, based on an allocation of the Franchise's enterprise value to its assets and liabilities pursuant to accounting guidance related to business combinations (see Note 2). Accordingly, the Company's consolidated financial statements for the Predecessor Period are not comparable to its consolidated financial statements for the Successor Period. Operating results for the Successor and Predecessor Period are not necessarily indicative of the results to be expected for a full fiscal year.

Franchise is a Delaware Limited Liability Company formed in April 2005. Real Estate was formed to purchase, lease and develop real estate for future franchise locations. The Company grants a franchise for the right to establish and operate a retail food services shop featuring Italian ice and other frozen confections and approved menu items. All franchises are operated by independent entrepreneurs under the terms of franchise agreements. The Company also operates a corporate store and training facility which the Company refers to as "Cool University."

Members' Equity: The equity units of the Successor consist of one class totaling 24,500 units. The rights and obligations related to the Successor units are set forth in the Company's Limited Liability Company Agreement dated as of November 30, 2011.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Franchise Operations: The Company currently grants franchising rights under franchise and development agreements to open and operate a specified number of stores in an exclusive geographic area. Franchise agreements are typically executed for a period of ten years.

The initial franchise fee is \$35,000 per shop, which is due upon the signing of the franchise agreement. For multi-shop franchisors, the first shop requires an initial deposit of \$35,000. The franchise fee for each additional shop to be developed under the development agreement is \$31,500, of which one half is due as a deposit at the time the development agreement is signed. The remaining balance is due no later than the date set in the development schedule. The franchise and development fees are nonrefundable. During 2012 the franchise fee will be \$25,000.

Revenue Recognition: Revenues are recorded when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the Company's prices to buyers are fixed or determinable, and collectability is reasonably assured.

Rita's Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The Company derives its significant revenue from the following three principal sources:

Franchise fees are generally recognized as the fees are earned which is generally when the franchised shop begins operations. Unearned franchise fees are included in deferred revenue in the accompanying balance sheets.

Franchise costs are generally expensed as incurred which generally include providing the following supervision, assistance and services: site selection, prototype store design, training and pre-opening assistance, an operations manual, continuing assistance and advertising and promotional materials.

Royalty fees are charged at 6½% which is based upon franchise shop gross sales. Franchise royalties are recognized as earned.

Product sales represent revenues generated by the sale of products, at discounted pricing, to franchisees. Franchising operations are as follows:

	<u>November 30, 2011 Unaudited</u>	<u>December 31, 2011 Unaudited</u>
Shops - beginning of period	552	547
Shops opened	14	-
Shops terminated, sold and reopened	4	-
Shops closed	<u>(23)</u>	<u>(2)</u>
Shops - end of period	<u>547</u>	<u>545</u>
Company operated shops (Note 4)	<u>1</u>	<u>1</u>
Signed franchise agreements for shops not yet opened - beginning of year	73	41
New franchise agreements	19	-
Shops opened	(14)	-
Terminations	<u>(37)</u>	<u>(1)</u>
Signed franchise agreements for shops not yet opened - end of period	<u>41</u>	<u>40</u>

Gift Card Sales and Redemptions: The Company sells gift cards through its franchisees. The Company records a liability at the time of sale until the gift card is redeemed by the franchisee, at which time, the liability is relieved.

Gift card breakage income for gift cards that consumers fail to redeem is recognized in sales based upon management's estimate of its consumers' historical redemption patterns. Gift card breakage income was approximately \$567,828 for the eleven month period ended November 30, 2011 and \$17,172 for the one month period ended December 31, 2011. Gift card breakage income is included in cost of revenues in the accompanying consolidated statements of income, and the Company uses the breakage to offset certain programs such as the gift card program costs.

Rita's Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Vendor Rebates: Vendor rebates consist primarily of rebates received from the suppliers of product mixes. The Company requires franchisees to purchase all product mixes from two approved vendors. The Company receives rebates from the designated suppliers of approximately 6.6% of total franchisee purchases. The Company records an estimate of earned vendor rebates that are calculated based upon monthly purchases. The Company generally receives payment from vendors approximately 30 days after the quarter end for that quarter's purchases.

Advertising Costs: The Company has established an advertising fund for the common benefit of the franchisees. The purpose of the fund is to pay any and all costs of system wide advertising, marketing and promotional programs through the use of monies collected from franchisees based on a percentage of their sales revenue.

Contributions from franchisees related to the advertising fund constitute agency transactions and are not recognized as revenues and expenses. Related advertising obligations are accrued and the costs expensed at the same time the related contributions are recognized. These advertising fees are recorded as a liability against which specific costs are charged.

Certain employees of the Company perform work for the advertising fund. The Company charges the advertising fund based upon the actual expenditures for these employees. The total amount charged to the advertising fund was approximately \$375,458 for the eleven month period ended November 30, 2011 and \$34,399 for the one month period ended December 31, 2011.

Accounts Receivable: Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts.

Deferred Financing Costs: Deferred financing costs are amortized by the effective interest method, over the term of the related debt. Amortization expense for the eleven-month period ended November 30, 2011 and for the one month period ended December 31, 2011 was \$0 and \$478, respectively.

Property and Equipment: Property and equipment is recorded at cost. Depreciation subsequent to the acquisition is provided on the straight-line method over the estimated useful lives of the assets.

Maintenance and repairs which are not considered to extend the useful life of assets are charged to operations as incurred. The cost of assets sold or retired and related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in nonoperating income (expense) for the period.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable (see Note 4).

Goodwill: Goodwill represents the difference between the purchase price of the acquired company and the related fair value of the net assets acquired. The Company tests goodwill for impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. In conducting its impairment testing, the Company compares the fair value of each reporting unit to the related net book value. If the fair value of a reporting unit exceeds its net book value, goodwill is not considered to be impaired. If the net book value of a reporting unit exceeds its fair value, an impairment loss is measured and recognized. The Company conducts its annual impairment testing in December each year. For the eleven month period ended November 30, 2011 and for the one month period ended December 31, 2011, the Company determined that the recorded value for goodwill and other intangibles has not been impaired.

Rita's Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Intangible Assets: The Company evaluates the useful lives of intangible assets. Reaching a determination on useful life requires significant judgments and assumptions. Intangible assets include franchise relationships, trade recipes, proprietary trademarks and names which are amortized on a straight line basis over its useful lives ranging from five to twenty five years.

Fair Value Measurements: The Company applies fair value accounting for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring and non-recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

Subsequent Events: Management evaluated subsequent events and transactions for potential recognition and/or disclosure in the financial statements through March 23, 2012, the day the financial statements were approved and authorized for issue.

Income Taxes: As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements.

For the eleven months ended November 30, 2011 and the one month ended December 31, 2011, management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statements. The Company is not subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2011.

The subsidiaries are considered disregarded entities for tax purposes. As such, the operations of the subsidiaries are combined with, and included with, Holdings for income tax purposes.

Rita's Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 2. Acquisition

On November 30, 2011, Water Ice Investment, Inc. ("Investment") effectively acquired the majority of Rita's Holdings, LLC ("Holdings"). The Company accounted for the acquisition in accordance with ASC 805, Business Combinations. In connection with the acquisition, a minority of the equity of Holdings was issued to the Sellers.

The aggregate purchase price was funded in part by cash, equity, and through loans obtained by the Company. Transaction costs paid by the predecessor on the acquisition amounted to approximately \$1,500,000 and were included in the accompanying statement of income for the eleven months ended November 30, 2011. Transaction costs paid by the successor on the acquisition amounted to approximately \$2,600,000 and were included in the accompanying statement of income for the one month ended December 31, 2011, of which approximately \$1,200,000 was paid to a company affiliated by common ownership.

The acquisition by Investment has been reflected in these financial statements and the assets and liabilities assumed are recorded at fair value which agrees to the purchase price, summarized as follows (excluding 000's). Net current assets acquired, including cash received of \$209 in the amount of \$698, property and equipment of \$421, trademarks of \$11,955, franchise agreements of \$12,435, supply agreement of \$2,979, recipes of \$10,307, goodwill of \$5,778, notes receivable of \$717, long-term deferred revenue of (\$576), and notes payable of (\$4,500).

Goodwill and other identified intangibles are deductible for tax purposes.

Note 3. Accounts and Notes Receivable

Accounts and notes receivable consists of the following at November 30 and December 31:

	November 30, 2011	December 31, 2011
Franchisees - net of allowance for doubtful accounts of approximately \$29,000 and \$26,000	\$ 248,605	\$ 125,659
Current portion of notes receivable	192,439	174,779
Vendor rebates	112,282	143,606
Other	32,976	66,253
	<u>\$ 586,302</u>	<u>\$ 510,297</u>

The current portion of notes receivable includes amounts due from certain franchisees for the purchase of equipment, promotional items, and in certain cases, working capital. These notes are generally collateralized by the equipment and promotional items purchased by the franchisees with the proceeds. The notes bear interest ranging from no interest to 15% and are receivable through March 2022.

Rita's Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 4. Property and Equipment

Property and equipment consists of the following at November 30 and December 31:

	November 30, 2011	December 31, 2011
Equipment	\$ 61,825	\$ 91,825
Leasehold improvements	14,323	14,323
Computer equipment	269,473	277,996
Furniture and fixtures	75,074	75,074
	420,695	459,218
Less accumulated depreciation	-	(21,145)
	<u>\$ 420,695</u>	<u>\$ 438,073</u>

Depreciation expense was approximately \$310,422 for the eleven month period ended November 30, 2011 and \$21,145 for the one month period ended December 31, 2011.

During 2011, the Company recognized a gain on the sale of assets, net of any abandonments, of approximately \$47,236 through the eleven months ended November 30, 2011, and \$0 for the one month ended December 31, 2011.

Note 5. Other Intangible Assets

Other intangible assets consist of the following:

	Fair Value at November 30, 2011	Amortization for the One Month Ended December 31, 2011	Net Book Value at December 31, 2011	Estimated Useful Life
Supply agreement	\$ 2,979,000	\$ 49,650	\$ 2,929,350	5 years
Franchise agreement	12,435,000	103,625	12,331,375	10 years
Recipes	10,307,000	57,261	10,249,739	15 years
Trademarks	11,955,000	39,850	11,915,150	25 years
	<u>\$ 37,676,000</u>	<u>\$ 250,386</u>	<u>\$ 37,425,614</u>	

Rita's Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Other Intangible Assets (Continued)

Amortization of amortizable intangible assets for each of the five years subsequent to December 31, 2011 is as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2012	\$ 3,004,633
2013	3,004,633
2014	3,004,633
2015	3,004,633
2016	2,954,983
Thereafter	<u>22,452,099</u>
	<u><u>\$ 37,425,614</u></u>

Note 6. Long-Term Debt

The Company has a loan agreement that provides for a \$3,500,000 revolving credit loan and two term loans, A and B (see below).

The Company may borrow, repay and re-borrow funds under the revolving credit loan until November 30, 2016, at which time it expires. The revolving credit loan bears interest at a base rate plus 5.00% margin rate (8.25% at December 31, 2011). The base rate is equal to the greater of (i) Federal Funds Rate plus .50%, (ii) Prime Rate, (iii) three month LIBOR plus 1.00%. The Company must also pay an unused line fee on a quarterly basis at a rate of .50% per annum on the daily average unused amount. There were no borrowings on the revolving line as of December 31, 2011.

Term Loan A is payable in equal quarterly installments of principal plus interest through September 30, 2016. The balance is due on November 30, 2016. The loan bears interest at a base rate of 1.5% plus 6.00% margin rate (7.5% at December 31, 2011). The base rate is equal to the greater of (i) Federal Funds Rate plus .50%, (ii) Prime Rate, and (iii) three month LIBOR plus 1.00%. At December 31, 2011, the rate was fixed through March 2012.

Term Loan B is due on November 30, 2016. The loan bears interest, payable quarterly, at a base rate of 1.5% plus 12.50% margin rate (14.00% at December 31, 2011). The base rate is equal to the greater of (i) Federal Funds Rate plus .50%, (ii) Prime Rate, and (iii) three month LIBOR plus 1.00%. At December 31, 2011, the rate was fixed through June 2012.

Borrowings under the loan agreement are collateralized by substantially all of the Company's assets. The agreement also contains various financial and nonfinancial covenants.

Rita's Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Long-Term Debt (Continued)

Long-term debt consists of the following at November 30 and December 31:

Term Note A - NXT Capital	\$ 10,675,000
Term Note B - Solutions Capital I, L.P.	9,375,000
Senior subordinated notes	<u>4,500,000</u>
	24,550,000
Less current maturities	<u>533,750</u>
	<u>\$ 24,016,250</u>

Approximate future aggregate maturities of long-term debt are as follows:

Year ending December 31,

2012	\$ 533,750
2013	533,750
2014	533,750
2015	533,750
2016	17,915,000
Thereafter	<u>4,500,000</u>
	<u>\$ 24,550,000</u>

The senior subordinated loans are due to certain sellers, pursuant to the acquisition described in Note 2. The loans, which mature in March 2017, are subordinate to the term loans and revolving loan. The loans bear interest at 12% through November 2014, and 15% thereafter, through the maturity date. Interest is due on March 31 and September 30 of each year, through the maturity date. Interest accrued on each Payment Date shall not be paid in cash and shall instead be added to the Unpaid Principal Amount and interest shall thereafter accrue on such increased principal amount, and such amounts will no longer be considered accrued and unpaid interest but rather permanently added to the principal amount of the Note.

Cash paid for interest was approximately \$100,372 for the eleven-month period ended November 30, 2011. There was no cash paid for interest for the one month period ended December 31, 2011.

Rita's Holdings, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 7. Commitments and Contingencies

The Company leases its corporate office and various retail spaces. The initial terms of the leases are generally between five and ten years. The leases generally include one or more renewal options and provide that the Company pay maintenance, insurance and property taxes. Four of the retail spaces are sublet to franchisees under substantially the same terms.

Minimum annual rental commitments under noncancelable leases are as follows at December 31, 2011:

<u>Year Ending December 31,</u>	<u>Minimum Lease</u> <u>Commitments</u>	<u>Sublease</u> <u>Income</u>	<u>Net Lease</u> <u>Commitments</u>
2012	\$ 492,000	\$ 118,000	\$ 374,000
2013	462,000	96,000	366,000
2014	436,000	96,000	340,000
2015	398,000	78,000	320,000
2016	351,000	25,000	326,000
Thereafter	<u>160,000</u>	<u>-</u>	<u>160,000</u>
	<u>\$ 2,299,000</u>	<u>\$ 413,000</u>	<u>\$ 1,886,000</u>

Rental expense was approximately \$335,362 net of sublease income of \$117,416 for the eleven month period ended November 30, 2011 and \$28,920 net of sublease income of \$13,797 for the one month period ended December 31, 2011, none of which was the result of a percentage rent based on sales volume.

Note 8. Retirement Plan

The Company maintains a defined contribution profit sharing plan in accordance with the provisions of Section 401(k) of the Internal Revenue Code. The plan generally covers all employees meeting certain age and service requirements. The plan provides for employee elective contributions and discretionary Company matching contributions. Matching contributions were approximately \$43,000 for the eleven month period ended November 30, 2011 and \$3,000 for the one month period ended December 31, 2011.

**RITA'S WATER ICE FRANCHISE
COMPANY, LLC
AND SUBSIDIARY**

Consolidated Financial Statements

December 31, 2010 and 2009

**RITA'S WATER ICE FRANCHISE COMPANY, LLC
AND SUBSIDIARY**

Consolidated Financial Statements

December 31, 2010 and 2009

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Independent Auditors' Report

To the Members

Rita's Water Ice Franchise Company, LLC
Trevose, Pennsylvania

We have audited the accompanying consolidated balance sheets of Rita's Water Ice Franchise Company, LLC (a Limited Liability Company) and Subsidiary as of December 31, 2010 and 2009, and the related consolidated statements of income and members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rita's Water Ice Franchise Company, LLC and Subsidiary as of December 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



March 22, 2011

**RITA'S WATER ICE FRANCHISE COMPANY, LLC
AND SUBSIDIARY**

Consolidated Balance Sheets

December 31	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 116,350	\$ 4,095,451
Accounts and notes receivable - net - Note 2	734,121	678,980
Due from related party - Note 8	46,891	255,658
Other current assets - Note 8	<u>280,906</u>	<u>56,321</u>
Total Current Assets	<u>1,178,268</u>	<u>5,086,410</u>
Property and Equipment - Net of accumulated depreciation - Note 3	<u>1,306,364</u>	<u>1,482,478</u>
Other Assets		
Goodwill	11,710,444	11,710,444
Other intangible assets - Note 4	7,460,000	7,460,000
Notes receivable - net of current portion - Note 2	<u>287,423</u>	<u>108,996</u>
Total Other Assets	<u>19,457,867</u>	<u>19,279,440</u>
Total Assets	<u>\$ 21,942,499</u>	<u>\$ 25,848,328</u>

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

	2010	2009
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Current maturities of long-term debt - Note 5	\$ 571,429	\$ 5,571,429
Accrued interest - Note 5	-	1,300,119
Accounts payable	328,275	276,524
Current portion of deferred revenue	1,983,398	2,567,437
Unredeemed gift card liability	668,754	693,030
Other current liabilities - Note 9	1,788,699	2,781,905
Total Current Liabilities	5,340,555	13,190,444
Long-term Liabilities		
Long-term debt - net of current maturities - Note 5	238,095	809,524
Revolving credit facility - Note 5	2,000,000	-
Deferred revenue - net of current portion	655,125	1,905,714
Total Long-term Liabilities	2,893,220	2,715,238
Total Liabilities	8,233,775	15,905,682
Members' Equity	13,708,724	9,942,646
Total Liabilities and Members' Equity	\$ 21,942,499	\$ 25,848,328

**RITA'S WATER ICE FRANCHISE COMPANY, LLC
AND SUBSIDIARY**

Consolidated Statements of Income and Members' Equity

For the Years Ended December 31	2010	2009
Sales		
Franchise fees	\$ 2,764,552	\$ 3,454,640
Royalty fees	9,193,085	8,801,443
Product sales	19,835,729	18,829,170
Shop sales	<u>221,864</u>	<u>213,643</u>
Total Revenues	32,015,230	31,298,896
Cost of Revenues	<u>21,832,585</u>	<u>21,749,565</u>
Gross Profit	10,182,645	9,549,331
Selling, General and Administrative Expenses	<u>4,150,540</u>	<u>5,303,811</u>
Income From Operations	<u>6,032,105</u>	<u>4,245,520</u>
Other Income (Expense)		
Depreciation and amortization	(453,886)	(590,051)
Interest expense	(377,103)	(950,977)
Interest income	31,608	21,558
Other income - net	<u>545,016</u>	<u>395,026</u>
Total Other Expense	<u>(254,365)</u>	<u>(1,124,444)</u>
Net Income	5,777,740	3,121,076
Members' Equity - Beginning of year	9,942,646	6,821,570
Members' distributions	<u>(2,011,662)</u>	<u>-</u>
Members' Equity - End of year	<u><u>\$ 13,708,724</u></u>	<u><u>\$ 9,942,646</u></u>

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

**RITA'S WATER ICE FRANCHISE COMPANY, LLC
AND SUBSIDIARY**

Consolidated Statements of Cash Flows

For the Years Ended December 31	2010	2009
Cash Provided by (Used for) Operating Activities		
Net income	\$ 5,777,740	\$ 3,121,076
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	453,886	590,051
Gain on disposal of property and equipment	-	(195,258)
Changes in		
Accounts receivable	(55,760)	218,654
Related party receivable	208,767	(80,126)
Accounts payable	51,751	(148,260)
Deferred revenue	(1,834,628)	(2,284,136)
Other assets and liabilities	(2,542,186)	2,000,316
Net Cash Provided by Operating Activities	2,059,570	3,222,317
Cash Provided by (Used for) Investing Activities		
Proceeds from sale of property and equipment	-	344,239
Acquisition of property and equipment	(277,772)	(155,914)
Collections on notes receivable	172,006	83,085
Issuance of notes receivable	(349,814)	(336,558)
Net Cash Used for Investing Activities	(455,580)	(65,148)
Cash Provided by (Used for) Financing Activities		
Net borrowings on revolving credit facility	2,000,000	-
Payments on long-term debt	(5,571,429)	(571,428)
Members' distributions	(2,011,662)	-
Net Cash Used for Financing Activities	(5,583,091)	(571,428)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,979,101)	2,585,741
Cash and Cash Equivalents - Beginning of year	4,095,451	1,509,710
Cash and Cash Equivalents - End of year	\$ 116,350	\$ 4,095,451

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

**RITA'S WATER ICE FRANCHISE COMPANY, LLC
AND SUBSIDIARY**

Notes to the Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The accompanying consolidated financial statements include the accounts of Rita's Water Ice Franchise Company, LLC (Franchise) and its wholly owned subsidiary, Rita's Water Ice Real Estate Company, LLC (Real Estate). All significant intercompany accounts and transactions have been eliminated. The consolidated group is referred to as "the Company".

Franchise is a Delaware limited liability company formed in April 2005. Real Estate was formed to purchase, lease and develop real estate for future franchise locations.

The Company grants a franchise for the right to establish and operate a retail food services shop featuring Italian ice and other frozen confections and approved menu items. All franchises are operated by independent entrepreneurs under the terms of franchise agreements. The Company also operates a corporate store and training facility which the Company refers to as "Cool University."

The Company sells the food items, ingredients and supplies to the franchisees. The Company purchases these products from two suppliers. Rita's and the suppliers own the rights to the product mixes.

B. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Franchise Operations

The Company currently grants franchising rights under franchise and development agreements to open and operate a specified number of stores in an exclusive geographic area. Franchise agreements are typically executed for a period of ten years.

**RITA'S WATER ICE FRANCHISE COMPANY, LLC
AND SUBSIDIARY**

Notes to the Consolidated Financial Statements (Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Franchise Operations (Continued)

The initial franchise fee is \$35,000 per shop, which is due upon signing the franchise agreement. For multi-shop franchisors, the first shop requires an initial deposit of \$35,000. The franchise fee for each additional shop to be developed under the development agreement is \$31,500, of which one-half is due as a deposit at the time the development agreement is signed. The remaining balance is due no later than the date set in the development schedule. The franchise and development fees are nonrefundable.

Franchise fees are generally recognized when the franchised shop begins operations. Unearned franchise fees are included in deferred revenue in the accompanying balance sheets.

The Company is obligated, in accordance with the terms of the franchise agreement, to provide the following supervision, assistance and services: site selection, prototype store design, training and pre-opening assistance, an operations manual, continuing assistance and advertising and promotional materials. These costs are generally expensed as incurred.

The Company charges a 6½% royalty fee which is based upon franchise shop gross sales. Franchise royalties are recognized as earned. The Company also charges an advertising fee equal to 2½% of franchise shop gross sales.

Franchising operations are as follows:

	<u>2010</u>	<u>2009</u>
Shops - beginning of year	560	546
Shops opened	17	49
Shops terminated, sold and reopened	7	6
Shops closed	<u>(32)</u>	<u>(41)</u>
Shops - end of year	<u>552</u>	<u>560</u>
Company operated shops - Note 3	<u>1</u>	<u>2</u>
Signed franchise agreements for shops not yet opened - beginning of year	107	178
New franchise agreements	24	21
Shops opened	<u>(20)</u>	<u>(54)</u>
Terminations	<u>(38)</u>	<u>(38)</u>
Signed franchise agreements for shops not yet opened - end of year	<u>73</u>	<u>107</u>

**RITA'S WATER ICE FRANCHISE COMPANY, LLC
AND SUBSIDIARY**

Notes to the Consolidated Financial Statements (Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Gift Card Sales and Redemptions

The Company sells gift cards through its franchisees. The Company records a liability at the time of sale until the gift card is redeemed by the franchisee at which time the liability is relieved.

Gift card breakage income for gift cards that consumers fail to redeem is recognized in sales based upon management's estimate of its consumers' historical redemption patterns. Gift card breakage income was approximately \$489,000 for 2010 and \$544,000 for 2009. Gift card breakage income is included in other income - net in the accompanying consolidated statements of income.

Because of the inherent uncertainties in estimating consumer redemption patterns, it is at least reasonably possible that the estimate of gift card breakage will change within the near term.

E. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company generally considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash equivalents consist of certificates of deposit. Substantially all of the Company's cash is on deposit in one financial institution located in Pennsylvania.

The Company believes it has placed its cash and cash equivalents with a high credit quality financial institution. At times, the Company's cash and cash equivalents may be in excess of the Federal Deposit Insurance Corporation insurance limits. The Company does not believe it is exposed to any significant credit risk on its cash and cash equivalents.

F. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

G. Property and Equipment

Property and equipment is recorded at cost. Depreciation subsequent to the acquisition is provided on the straight-line method over the estimated useful lives of the assets.

**RITA'S WATER ICE FRANCHISE COMPANY, LLC
AND SUBSIDIARY**

Notes to the Consolidated Financial Statements (Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Property and Equipment (Continued)

Maintenance and repairs which are not considered to extend the useful life of assets are charged to operations as incurred. The cost of assets sold or retired and related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in non-operating income (expense) for the period.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable (Note 3).

H. Intangible Assets

Goodwill and other intangibles that have an indefinite life are not amortized but are tested for impairment on at least an annual basis. The other intangible assets include franchise relationships and proprietary trademarks and names. Impairment testing is required more frequently if impairment indicators arise. In conducting its impairment testing, the Company compares the fair value of each reporting unit to the related net book value. If the fair value of a reporting unit exceeds its net book value, goodwill is not considered to be impaired. If the net book value of a reporting unit exceeds its fair value, an impairment loss is measured and recognized. The Company conducts its annual impairment testing in December each year. At December 31, 2010 and 2009, the Company determined that the recorded value for goodwill and other intangibles has not been impaired.

i. Tax Status

Franchise and Real Estate are organized as limited liability companies. The members are generally not liable for the debts of the limited liability companies beyond their investment. Under the provisions of the Internal Revenue Code and similar state provisions, Franchise and Real Estate are taxed as partnerships and are not liable for income taxes. Under these provisions, the members reflect taxable income or loss on their respective income tax returns.

**RITA'S WATER ICE FRANCHISE COMPANY, LLC
AND SUBSIDIARY**

Notes to the Consolidated Financial Statements (Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

I. Tax Status (Continued)

The Company utilizes a two-step approach to recognizing and measuring uncertain tax positions accounted for in accordance with the asset and liability method. The first step is to evaluate the tax position for recognition by determining whether evidence indicates that it is more likely than not that a position will be sustained if examined by a taxing authority. The second step is to measure the tax benefit as the largest amount that is 50% likely of being realized upon settlement with a taxing authority. The Company has evaluated tax positions taken in open tax periods and determined that there are no uncertain positions which result in income tax liabilities.

J. Fair Value Measurements

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring and non-recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

**RITA'S WATER ICE FRANCHISE COMPANY, LLC
AND SUBSIDIARY**

Notes to the Consolidated Financial Statements (Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

K. New Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued new guidance regarding the consolidation of variable interest entities (VIE's). The guidance also amends the determination of whether an enterprise is the primary beneficiary of a VIE, and is, therefore, required to consolidate an entity, by requiring a qualitative analysis rather than a quantitative analysis. The qualitative analysis includes, among other things, consideration of who has the power to direct the activities of the entity that most significantly impact the entity's economic performance and who has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. This guidance also requires continuous reassessments of whether an enterprise is the primary beneficiary of a VIE. Prior guidance required reconsideration of whether an enterprise was the primary beneficiary of a VIE only when specific events had occurred. The guidance also requires enhanced disclosures about an enterprise's involvement with a VIE. This guidance was effective for the first annual reporting period beginning after November 15, 2009. The Company adopted this guidance for the year ended December 31, 2010. The adoption of this guidance did not have a material impact on the consolidated financial statements.

In January 2010, the FASB issued additional guidance for disclosing fair value. This guidance requires new and revised disclosures for recurring or non-recurring fair value measurements related to significant transfers into and out of Level 1 and Level 2, and for purchases, sales, issuances and settlements in the roll forward of activity for Level 3 fair value measurements. The guidance also clarifies existing disclosures related to the level of disaggregation and the inputs and valuation techniques used for fair value measurements. The new disclosures and clarifications of existing disclosures about fair value measurements were effective for reporting periods beginning after December 15, 2009. However, the disclosures about purchases, sales, issuances and settlements in the roll forward of activity for Level 3 fair value measurements are not effective until reporting periods beginning after December 15, 2010. The adoption of this guidance did not, and is not expected to, have a material impact on the Company's financial position, results of operations or cash flows.

L. Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform with the current year presentation. These reclassifications had no effect on previously reported results of operations or members' equity.

**RITA'S WATER ICE FRANCHISE COMPANY, LLC
AND SUBSIDIARY**

Notes to the Consolidated Financial Statements (Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

M. Subsequent Events

Management evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 22, 2011, the day the financial statements were approved and authorized for issue.

Note 2 - Accounts and Notes Receivable

Accounts and notes receivable consists of the following at December 31:

	<u>2010</u>	<u>2009</u>
Franchisees - net of allowance for doubtful accounts of approximately \$17,000 (2010) and \$31,000 (2009)	\$263,544	\$268,882
Current portion of notes receivable	143,858	144,477
Vendor rebates	243,361	185,886
Other	<u>83,358</u>	<u>79,735</u>
	<u>\$734,121</u>	<u>\$678,980</u>

Vendor rebates consist primarily of rebates received from the suppliers of product mixes. The Company requires franchisees to purchase all product mixes from two approved vendors. The Company receives rebates from the designated suppliers of approximately 6% of total franchisee purchases.

The current portion of notes receivable includes amounts due from certain franchisees for the purchase of equipment, promotional items, and in certain cases, working capital. These notes are generally collateralized by the equipment and promotional items purchased by the franchisees with the proceeds. The notes bear interest ranging from no interest to 10% and are receivable through March 2020.

**RITA'S WATER ICE FRANCHISE COMPANY, LLC
AND SUBSIDIARY**

Notes to the Consolidated Financial Statements (Continued)

Note 3 - Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2010</u>	<u>2009</u>
Equipment	\$ 364,020	\$ 277,389
Leasehold improvements	858,973	857,973
Computer equipment	1,700,185	1,524,109
Furniture and fixtures	257,296	243,231
Other	<u>136,290</u>	<u>136,290</u>
	3,316,764	3,038,992
Less: Accumulated depreciation and amortization	(<u>2,010,400</u>)	(<u>1,556,514</u>)
	<u>\$1,306,364</u>	<u>\$1,482,478</u>

Depreciation expense was approximately \$454,000 for 2010 and \$590,000 for 2009.

During 2009, in connection with a plan committed to by the Board of Members in 2008, the Company ceased all operations at all of its corporate stores with the exception of Cool University.

During 2009, the Company sold the business and equipment at two of its corporate stores. The Company recognized a gain of approximately \$131,000. The equipment at the remaining corporate stores was sold or abandoned. The Company recognized a gain on the sale of assets, net of any abandonments, of approximately \$14,000.

Note 4 - Other Intangible Assets

Other intangible assets consist of the following at December 31, 2010 and 2009:

Assets not subject to amortization	
Franchisee relationships	\$3,860,000
Proprietary trademarks and names	<u>3,600,000</u>
	<u>\$7,460,000</u>

Note 5 - Financing Arrangements

The Company has a loan agreement that provides for a \$6,000,000 revolving credit loan and a term loan (see below).

**RITA'S WATER ICE FRANCHISE COMPANY, LLC
AND SUBSIDIARY**

Notes to the Consolidated Financial Statements (Continued)

Note 5 - Financing Arrangements (Continued)

The Company may borrow, repay and re-borrow funds under the revolving credit loan until April 30, 2013, at which time it expires. The revolving credit loan bears interest at prime (3¼ % at December 31, 2010) plus ½ %. The Company must also pay an unused line fee on a quarterly basis at a rate of ¼ % per annum on the daily average unused amount.

The term loan is payable in equal monthly installments of principal plus interest through May 2012. The Company has the option of selecting the interest rate as either the prime rate option or the fixed rate option. Under the prime rate option, the interest rate is the prime rate plus ½ %. Under the fixed rate option, the interest rate is the applicable year swap rate, as determined by the bank, plus 2¼ %. At December 31, 2010, the Company has selected the fixed rate option of 3.38%.

Borrowings under the loan agreement are collateralized by substantially all of the Company's assets. The agreement also contains various financial and non-financial covenants.

Long-term debt consists of the following at December 31:

	<u>2010</u>	<u>2009</u>
Term note - bank - above	\$ 809,524	\$1,380,953
Senior subordinated loans - below	<u>-</u>	<u>5,000,000</u>
	809,524	6,380,953
Less: Current maturities	<u>571,429</u>	<u>5,571,429</u>
	<u>\$ 238,095</u>	<u>\$ 809,524</u>

Approximate future aggregate maturities of long-term debt are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2011	\$ 571,000
2012	<u>239,000</u>
	<u>\$ 810,000</u>

The senior subordinated loans were due to certain members. The loans, which matured in May 2010, were subordinate to the bank loan. The loans bore interest at 11%, which was payable quarterly, plus an additional 5% per year which was due at maturity. The accrued interest, which was paid off in May 2010, was included in current liabilities at December 31, 2009.

**RITA'S WATER ICE FRANCHISE COMPANY, LLC
AND SUBSIDIARY**

Notes to the Consolidated Financial Statements (Continued)

Note 5 - Financing Arrangements (Continued)

Cash paid for interest was approximately \$1,672,400 for the year ended December 31, 2010 and \$654,100 for the year ended December 31, 2009.

Note 6 - Lease Obligations

The Company leases its corporate office and various retail spaces. The initial terms of the leases are generally between five and ten years. The leases generally include one or more renewal options and provide that the Company pay maintenance, insurance and property taxes. Several of the leases require percentage rent of 8%, based on sales volume over certain minimum sales levels. Three of the retail spaces are sublet to franchisees under substantially the same terms.

Minimum annual rental commitments under noncancelable leases are as follows at December 31, 2010:

<u>Year Ending December 31</u>	<u>Minimum Lease Commitments</u>	<u>Sublease Income</u>	<u>Net Lease Commitments</u>
2011	\$ 354,000	\$ 58,000	\$ 296,000
2012	301,000	31,000	270,000
2013	284,000	24,000	260,000
2014	290,000	24,000	266,000
2015	278,000	6,000	272,000
Thereafter	<u>422,000</u>	<u>-</u>	<u>422,000</u>
	<u>\$1,929,000</u>	<u>\$ 143,000</u>	<u>\$1,786,000</u>

Rental expense was approximately \$307,000 net of sublease income of \$74,000 for 2010 and \$333,000 net of sublease income of \$99,000 for 2009, none of which was the result of a percentage rent based on sales volume.

Note 7 - Retirement Plan

The Company maintains a defined contribution profit sharing plan in accordance with the provisions of Section 401(k) of the Internal Revenue Code. The plan generally covers all employees meeting certain age and service requirements. The plan provides for employee elective contributions and discretionary Company matching contributions. Matching contributions were approximately \$33,000 for 2010 and \$42,000 for 2009.

**RITA'S WATER ICE FRANCHISE COMPANY, LLC
AND SUBSIDIARY**

Notes to the Consolidated Financial Statements (Continued)

Note 8 - Related Party

The Company has established an advertising fund for the common benefit of the franchisees. The purpose of the fund is to pay any and all costs of system wide advertising, marketing and promotional programs through the use of monies collected from franchisees based on a percentage of their sales revenue.

Certain employees of the Company perform work for the advertising fund. The Company charges the advertising fund based upon the actual expenditures for these employees. The total amount charged to the advertising fund was approximately \$714,000 in 2010 and \$603,000 in 2009.

Included in other current assets at December 31, 2010 is approximately \$175,000 due from certain members for amounts advanced to them for tax payments.

Note 9 - Contingencies

The Company is periodically involved in legal actions and claims that arise as a result of events that occur in the normal course of operations. While it is not possible to determine with certainty the outcome of these matters, in the opinion of management, the eventual resolution of these actions is not expected to have a material adverse effect on the Company's financial position or results of operations.

During 2010, a former franchisee was awarded approximately \$484,000 as a result of an arbitration hearing in connection with disputes between the two parties. Approximately \$244,000 was recognized in 2010 and \$240,000 was recognized in 2009. The liability is included in other current liabilities in the accompanying consolidated balance sheet.

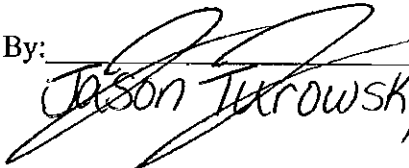
GUARANTY of PERFORMANCE

For value received Rita's Holdings, LLC located at 1210 Northbrook Drive, Suite 300, Trevoze, PA 19053, absolutely and unconditionally guarantees the performance by Rita's Water Ice Franchise Company, LLC ("Rita's"), located at 1210 Northbrook Drive, Suite 300, Trevoze, PA 19053 in accordance with the terms and conditions of its franchise and other agreements issued in accordance with the Franchise Disclosure Document and entered into after this date as said franchise and other agreements may hereafter be amended, modified, renewed or extended from time to time. This Guaranty shall continue in force until all obligations of Rita's under the franchise registration and franchise agreements shall have been satisfied or until Rita's liability to said franchisees under the franchise registration and franchise agreements shall have been completely discharged, whichever occurs first. Rita's Holdings, LLC is not discharged from liability hereunder as long as any claim by the franchisee against Rita's remains outstanding. Notice of acceptance is waived. Notice of default on the part of Rita's is not waived. This Guaranty shall be binding on Rita's Holdings, LLC, its successors and assignees.

In Witness Whereof, Rita's Holdings, LLC has, by a duly authorized officer, executed this Guaranty at Trevoze, Pennsylvania as of March 27, 2013

Rita's Holdings, LLC

By:


Jason J. Krowsky, Managing Member

**EXHIBIT F TO
FRANCHISE DISCLOSURE DOCUMENT**

RITA'S WATER ICE FRANCHISE AGREEMENT

RITA'S WATER ICE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT



**RITA’S WATER ICE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT**

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EXHIBIT A - GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT

EXHIBIT B - DATA SHEET

EXHIBIT C-1 - SITE SELECTION ADDENDUM

EXHIBIT C-2 - SITE SELECTION ADDENDUM FOR SHOPPING MALL LOCATIONS

EXHIBIT D - CONSENT AND AGREEMENT OF LESSOR, CONDITIONAL ASSIGNMENT
OF LEASE

EXHIBIT E - CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

EXHIBIT F- MOBILE SATELLITE UNIT ADDENDUM

EXHIBIT G- FIXED LOCATION SATELLITE UNIT AGREEMENT

EXHIBIT H- FIXED LOCATION SATELLITE DEVELOPMENT SCHEDULE

**RITA’S WATER ICE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT**

This agreement (“Agreement”) dated, made and entered into this ____ day of _____, 20__ (“Effective Date”) by and between Rita’s Water Ice Franchise Company, LLC, a Delaware limited liability company with its principal place of business at 1210 Northbrook Drive, Suite 310, Trevoze, Pennsylvania 19053 (the “Company”), and _____, a _____, with its principal place of business at _____ (“Franchisee”).

W I T N E S S E T H

WHEREAS, the Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a unique and distinctive format and system (the “System”) relating to the establishment and operation of Rita’s shops, which feature and offer for sale to the public the Company’s Italian ice and an approved limited menu of other items which may include soft pretzels and “Rita’s Old Fashioned Custard” frozen custard under the trade name, “Rita’s Ice-Custard-Happiness”;

WHEREAS, the distinguishing characteristics of the System include, but are not limited to, design and appearance specifications, uniform standards, specifications, and procedures for operations, equipment, inventory and staffing; quality and uniformity of products and services such as Italian ice formulas, methods of preparation, specifications, and freshness standards; employee training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by the Company from time to time;

WHEREAS, the Company identifies the System by means of certain trade names, service marks, trademarks, trade dress, logos, emblems, and indicia of origin, including, but not limited to, the mark “Rita’s Ice-Custard-Happiness”, and such other trade names, service marks, and trademarks as are now designated and may hereinafter be designated by the Company in writing for use in connection with the System (the “Proprietary Marks”);

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

WHEREAS, the Company has developed, and may hereafter develop, unique formulas and methods for preparing Italian ice, and offers and sells, to the public, frozen custard, gelati, Misto shakes and other food products pursuant to unique and original formulas, trade secrets, quality standards, and specifications prepared from proprietary and/or approved mixes at Rita’s shops (collectively, the “Proprietary Products”); and

WHEREAS, Franchisee desires to enter into the business of operating a Rita’s shop in a building under the Company’s System and Proprietary Marks (the “Rita’s Shop” or “Franchised

Business”) and wishes to obtain a franchise from the Company for that purpose, as well as to receive the training and other assistance provided by the Company in connection therewith; and

WHEREAS, Franchisee may desire to enter into a Mobile Satellite Unit Addendum (the “Addendum”), the standard form of which is attached hereto as Exhibit F; and

WHEREAS, Franchisee may desire to enter into a Fixed Location Satellite Unit Agreement (“Satellite Agreement”), the standard form of which is attached hereto as Exhibit G; and

WHEREAS, Franchisee understands the necessity of operating the business franchised hereunder in conformity with this Agreement and with the Company’s standards and specifications; and Franchisee has read this Agreement and the Company’s Franchise Disclosure Document; and Franchisee understands and accepts the terms, conditions and covenants herein contained as being reasonably necessary to maintain the Company’s high standards of quality, cleanliness, appearance, and service.

NOW, THEREFORE, in consideration of the mutual covenants and commitments herein contained, the parties hereby agree as follows:

1. GRANT

1.1 Grant of Franchise. The Company hereby grants to Franchisee, upon the express terms and conditions herein contained, the right and franchise, and Franchisee undertakes the obligation, to establish and operate a Rita’s shop, and the right to use in the operation of the Rita’s Shop the Proprietary Marks and the System, as they may be changed, improved, and further developed from time to time in the Company’s sole discretion, only at the location set forth on the data sheet which is attached as Exhibit B hereto (the “Data Sheet”). Additionally, the Company hereby grants to Franchisee the right to enter into the Addendum to acquire the rights to up to 3 Mobile Satellite Units pursuant to the terms and conditions set forth in the Addendum attached hereto as Exhibit F and Franchisee and the Company acknowledge and agree that the terms of the Agreement apply to the terms of the Addendum unless the terms of the Addendum specifically override the terms of this Agreement. Franchisee acknowledges and agrees that an additional non refundable initial franchise fee will be required to be paid to the Company by Franchisee to acquire the rights set forth in the Addendum.

The Company also grants to Franchisee, so long as Franchisee is in complete compliance with this Agreement, the right to operate one or more Fixed Location Satellite Units (“Fixed Satellite Unit”) as an additional selling point supported by the Franchisee’s Rita’s Shop at a fixed location under the “Satellite Unit Agreement. The Fixed Satellite Unit will be supported by the Shop’s production area and will sell an approved menu utilizing Rita’s formulas and methods for preparing Italian ice and other approved products. The Fixed Location Satellite Unit Agreement assigns Franchisee a Search Area, as described in the following paragraph (“Satellite Search Area”) within which Franchisee must develop the Fixed Satellite Unit under a development schedule (the “Development Schedule”) attached hereto as Exhibit H. Each Fixed Satellite Unit developed under the Satellite Agreement must be located in the Satellite Search Area. The Satellite Search Area and the Development Schedule will be identified in an exhibit to this

Agreement or Satellite Agreement. The Company must approve the site for each Fixed Location Satellite Unit you propose to develop in the Development Search Area before you sign a lease for the site.

Except as described below, you will receive an exclusive territory under the Satellite Agreement in that the Company may not establish or operate, or license anyone other than you to establish or operate, a Rita's shop under the System and Proprietary Marks in the Satellite Search Area during the term of the Satellite Agreement. The Company retains the right in the Satellite Search Area, to establish and operate, and license other parties to establish and operate Rita's shops and other types of locations (including mobile satellite units and kiosks) under the System and the Proprietary Marks in existing or future special events centers, parks, stadiums, arenas, business and industrial complexes, museums, art centers, military bases, airports, other public transportation facilities, government offices or institutions, regional malls, health care facilities and other institutional feeding facilities, hotels and motels, toll road or highway rest stops, colleges, universities, food concessions and food service facilities, in theaters, warehouse clubs, theme parks, amusement centers, truck stops, casinos, and any similar outlets as Franchisor and/or Franchisor's affiliate determine, in its or their sole discretion; and to use, and to license others to use, the System and the Proprietary Marks for the operation and licensing of other Rita's shops at any location outside of the Satellite Search Area. The Company also retains the right, both within and outside the Satellite Search Area, to acquire, merge with, or otherwise affiliate with, and then own and operate, and franchise or license others to own and operate, any business of any kind, including any business that offers products or services the same as or similar to those offered under the System or that uses the Proprietary Marks or any other system or marks. The Company and its affiliates, themselves or through licensees or designees, have the right to sell products, including the Proprietary Products, in your Satellite Search Area in such manner and through other channels of distribution, other than Rita's Shops as Rita's, in its sole discretion, determines, including specialty stores, grocery stores, supermarkets, catering services, sales of products by mail order or catalog business or via the Internet. The Satellite Agreement does not grant you any rights to distribute the Proprietary Products through such alternative channels of distribution or to share in the proceeds received by any authorized party from such sale.

If you fail to develop the number of Fixed Location Satellite Units in the time-frame established by the Development Schedule, the Company has the right to terminate the territorial protection granted to you under the Fixed Location Satellite Unit Agreement.

1.2 Approved Location. The exact street address of the location authorized and approved hereunder for the operation of the Rita's Shop is set forth in the Data Sheet (the "Approved Location"). If the Approved Location is not known as of the Effective Date, Franchisee shall lease or acquire a location, subject to the Company's approval, pursuant to the terms of the Site Selection Addendum attached as Exhibit C hereto. Franchisee shall not relocate the Rita's Shop without obtaining the prior written consent of the Company in the manner required by Section 5.5.1 hereof. Upon the Company's approval of a site for the Franchised Business, the Approved Location and Franchisee's Territory shall be added to the Data Sheet.

1.3 Franchisee's Territory. Except as otherwise provided in this Agreement, the Company shall not, during the term of this Agreement, establish and operate, nor license any

party other than Franchisee to establish and operate, any Rita's shop under the System and the Proprietary Marks within the area set forth in the Data Sheet attached as Exhibit B (the "Franchisee's Territory"); provided, however, that Franchisee acknowledges and agrees that the Company retains the rights, among others:

1.3.1 To establish and operate, and license other parties to establish and operate, Rita's shops and other types of locations (including, without limitation, mobile carts, stationary carts, and kiosks) under the System and Proprietary Marks in the Franchisee's Territory at any existing or future special events centers, parks, stadiums, arenas, business and industrial complexes, museums, art centers, military bases, airports, other public transportation facilities, government offices or institutions, regional malls, health care facilities and other institutional feeding facilities, hotels and motels, toll road or highway rest stops, colleges, universities, food concessions and food service facilities, in theaters, warehouse clubs, theme parks, amusement centers, truck stops, casinos, and any similar outlets as Franchisor and/or Franchisor's affiliate determine, in its or their sole discretion;

1.3.2 To use, and to license others to use, the System and the Proprietary Marks for the operation and licensing of other Rita's shops at any location outside of the Franchisee's Territory;

1.3.3 Within and outside the Franchisee's Territory, and notwithstanding any other provision hereof, to acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to those offered under the System or that uses the Proprietary Marks or any other system or marks.

1.3.4 In some limited circumstances, should Franchisee execute the Addendum, Franchisee may pursuant to the Addendum be permitted to operate a Mobile Satellite Unit outside of the Territory, it being expressly understood that this right may be revoked at any time by the Company; Additionally, should Franchisee qualify, and should the proposed location be approved by the Company in the Company's sole and complete discretion, Franchisee may be permitted to operate a Fixed Satellite Unit in Franchisee's Territory so long as Franchisee executes the standard form Satellite Agreement.

1.4 Alternate Channels of Distribution. Franchisee acknowledges and agrees that certain of the Company's or its affiliates' products, including but not limited to, the Proprietary Products, whether now existing or developed in the future, may be distributed in the Franchisee's Territory by the Company, the Company's affiliates, or the Company's licensees or designees, in such manner and through such channels of distribution other than through Rita's shops as the Company, in its sole discretion, shall determine, including, but not limited to, supermarkets, convenience stores, markets, grocery stores, machines, variety stores, electronic distributions via computer networks (including, without limitation, the World Wide Web, other areas of the Internet and/or other on-line networks); catalogs; direct mail; and other communications methods now or hereafter devised of any nature whatsoever. The Company reserves the right, among others, to implement any distribution arrangements relating thereto. Franchisee understands that this Agreement grants Franchisee no rights (1) to distribute such products through such channels

of distribution as described in this Section 1.4, or (2) to share in any of the proceeds received by any such party therefrom.

1.5 Rights Limited to Retail Sale. The rights granted to Franchisee hereunder shall only include the right to sell the menu items of the Rita's Shop from the Approved Location to retail guests for actual consumption on the Rita's Shop premises or for personal carry-out consumption. The rights granted to Franchisee hereunder shall specifically exclude, among others, any right to sell any product for resale; to sell any product at or from any place except the Approved Location; and to prepare any product at any place, or deliver any product from any place, other than at or from the Approved Location.

2. TERM AND RENEWAL

2.1 Term. This Agreement shall commence upon its acceptance and execution by the Company and shall expire ten (10) years from the date of opening of the Rita's Shop, except as otherwise provided herein. Consistent with the Term of this Agreement, the Term of the Addendum will be co terminus as the Term of this Agreement, without regard to when Franchisee elects to execute the Addendum. The Term of the Satellite Agreement is ten (10) years.

2.2 Renewal. Franchisee may, subject to the following conditions, renew this Agreement for one (1) additional, consecutive term of ten (10) years. Franchisee's right to renew shall be specifically subject to the following conditions, all of which must be satisfied prior to the time when Franchisee shall have the right to exercise its right to renew:

2.2.1 Franchisee shall give the Company written notice of Franchisee's election to renew not less than seven (7) months nor more than ten (10) months prior to the end of the then-current term;

2.2.2 Franchisee shall make or provide for, in a manner satisfactory to the Company, such renovation and modernization of the Rita's Shop, its signs and equipment and effectuate and incorporate any changes in products, services or the System in accordance with the Company's then-current standards, practices and image of the System. If Franchisee's Rita's Shop is operated seasonally and the term of this Agreement is due to expire when the Rita's Shop is open for the season, then all such renovations and modernizations shall be completed after the Rita's Shop has closed for the prior season and before the re-opening of the Rita's Shop for the final season of the then-current term. The Company may require Franchisee to pay into escrow, in a non-interest bearing account, an amount of money equal to the estimated cost of such renovation and modernization as determined by the Company, to be held by the Company or a third party approved by the Company until the Rita's Shop has been brought into compliance with the Company's then-current standards as reasonably determined by the Company, and to execute the Company's then-current form of escrow agreement;

2.2.3 Franchisee shall not be or have been in default at any time during the initial term, in any material respect, of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee (or, if Franchisee is a corporation, its officers, directors, or shareholders; or, if Franchisee is a partnership, its partners;

or if Franchisee is a limited liability company, its members or managers) or its affiliates and the Company, its affiliates, or any principal of the Company or its affiliates;

2.2.4 Franchisee shall have satisfied all monetary obligations owed by Franchisee, or its officers, directors, shareholders, partners, members, managers and affiliates to the Company, its affiliates, and any principal of the Company or its affiliates, under this and any other agreement between them and shall have timely met those obligations throughout the term of this Agreement;

2.2.5 Franchisee shall present evidence satisfactory to the Company that Franchisee has the right to remain in possession of the Approved Location for the duration of the renewal term or shall obtain the Company's approval of a new location for the Rita's Shop for the duration of the renewal term;

2.2.6 Franchisee shall, at the Company's option, execute the Company's then-current form of renewal franchise agreement which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including a higher royalty fee and advertising contribution;

2.2.7 Franchisee shall execute a general release, in a form prescribed by the Company, of any and all claims against the Company and its affiliates, and their respective officers, directors, agents, and employees;

2.2.8 Franchisee shall comply with the Company's then-current qualification and training requirements; and

2.2.9 Franchisee shall pay the Company a renewal fee in an amount equal to fifty percent (50%) of the then-current initial franchise fee being charged generally for a single Rita's shop.

3. DUTIES OF THE COMPANY

3.1 Plans and Specifications. The Company shall make available, at no charge to Franchisee, the Company's standard plans and specifications for a prototypical Rita's shop, including exterior and interior design and layout, fixtures, furnishings, and signs. Franchisee acknowledges that such plans and specifications shall not contain the requirements of any federal, state or local law, code or regulation (including, without limitation, those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities).

3.2 Training. The Company shall provide training as set forth in Section 6 of this Agreement.

3.3 Pre-Opening Assistance. The Company shall provide such on-site pre-opening and opening supervision and assistance as the Company deems advisable.

3.4 Advertising and Promotional Material. The Company shall provide to Franchisee from time to time advertising plans and promotional materials, including newspaper mats,

coupons, point-of-purchase materials, special promotions, direct mail materials, and similar advertising and promotional materials. In addition, the Company will provide, at no additional cost, a reimbursement of up to (3) cases of cherry ice mix to Franchisee in connection with the Grand Opening Promotion give-away required under Section 12.2 hereof.

3.5 Proprietary Products. The Company shall make available to Franchisee for sale, or designate or approve other suppliers who shall make available to Franchisee for sale, certain ingredients required for Franchisee's preparation of certain Proprietary Products, including, without limitation, the Company's proprietary Italian ice mix; custard mix; and ingredients for such other menu items as the Company may designate from time to time (collectively, "Rita's Mixes"). The Company has the right, from time to time, to require for sale, as specified in the Manuals or otherwise in writing, various menu items and products and services other than the Proprietary Products ("Additional Products").

3.6 Manuals. The Company shall provide Franchisee with electronic access to the Company's Confidential System Manuals (the "Manuals"), as more fully described in Section 9 hereof (via Internet, extranet, or other electronic means) for Franchisee's use during the term of this Agreement only. During the term of this Agreement, the Company will provide Franchisee with modifications, additions and deletions to the Manuals from time to time in the manner determined by the Company. A paper copy of the Manuals may be supplied upon written request.

3.7 Ongoing Advice. The Company shall provide to Franchisee from time to time, as the Company deems appropriate, advice and written materials concerning techniques of managing and operating the Rita's Shop, including, but not limited to, required and suggested inventory and sales methods, new developments and improvements in Franchised Business layout and design, and new developments in products and marketing techniques.

3.8 Inspections. The Company shall conduct from time to time such inspections of Franchisee's operation of the Rita's Shop as it deems advisable.

3.9 Advertising Fund. The Company shall have the right, without the obligation, to establish and administer an advertising fund in the manner set forth in Section 12 hereof.

3.10 Performance by Designee. Franchisee acknowledges and agrees that any duty or obligation imposed on the Company by this Agreement may be performed by any designee, employee, or agent of the Company, as the Company may direct.

4. FEES

4.1 Initial Franchise Fee. In consideration of the franchise granted herein, Franchisee shall pay to the Company an initial franchise fee of Thirty Thousand Dollars (\$30,000) upon execution of this Agreement (the "Initial Franchise Fee"). Should Franchisee execute the Addendum, the initial fee for up to three (3) Mobile Satellite Units in your Territory is an additional Ten Thousand Dollars (\$10,000). Additionally, should Franchisee qualify, and execute the Satellite Agreement, the initial fee for the Fixed Satellite Unit is Fifteen Thousand Dollars (\$15,000).

Upon payment of the Initial Franchise Fee, the fee shall be deemed fully earned and non-refundable, in consideration of the administrative and other expenses incurred by the Company in entering into this Agreement and for the Company's lost or deferred opportunity to enter into this Agreement with others.

4.2 Royalty Fee. During the term of this Agreement, Franchisee shall pay the Company a continuing royalty fee which shall be the mathematical product, calculated by the Company, determined by multiplying six and one-half percent (6.5%) times the Company's estimate of the amount of gross sales to be derived by Franchisee from the retail sale of the products that will be prepared from the Rita's Mixes. Franchisee shall pay this royalty fee upon Franchisee's purchase of each Rita's Mix as described in Section 7.3.3 hereof.

4.2.1 In addition to the fee described in Section 4.2 above, Franchisee shall pay the Company, on a monthly basis, six and one-half percent (6.5%) of the gross sales of all Additional Products, as further defined in Section 4.4 hereof ("Gross Sales") sold at the Rita's Shop in the preceding month. Franchisee shall pay such fee to the Company by the fifteenth (15th) day of each month for Gross Sales in the preceding month.

4.3 Advertising Expenditures and Contributions. Franchisee shall make monthly expenditures and contributions for advertising and promotion as specified in Section 12 hereof.

4.4 "Gross Sales" Defined. As used in this Agreement the term "Gross Sales" means all revenue from the sale of all products and services and all other income of every kind and nature, except revenue from the sale of the products described in Section 4.2 hereof, related to the Rita's Shop, whether for cash or credit, and regardless of collection in the case of credit, however, "Gross Sales" shall not include (a) any sales taxes or other taxes collected from guests and paid directly to the appropriate taxing authority, or (b) the value of any gift card sold.

4.5 Interest on Overdue Payments. All payments shall be timely delivered to the Company or its affiliates together with any reports or statements required under Section 11 hereof. Any payment or report not actually received by the Company on or before the date due shall be deemed overdue. If any payment is overdue, Franchisee shall pay the Company, in addition to the overdue amount, interest on such amount from the date it was due until paid, at the rate of eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less, together with reasonable attorneys' fees, costs of investigation and costs of filing a lawsuit. In addition, if any monthly report required by Section 11.3.1 below is not received when due, all payments owed by Franchisee for such month shall be deemed overdue until such reports are received by the Company, regardless of whether payment was actually made, and Franchisee shall be responsible for applicable interest as described in this Paragraph 4.5. Entitlement to such interest shall be in addition to any other remedies the Company may have under this Agreement, at law or in equity. Franchisee shall not be entitled to set-off any payments required to be made under Sections 4, 7, and 12 hereof against any monetary claim Franchisee may have against the Company. The Company reserves the right to require that payments to the Company or its affiliates required by Sections 4, 7, and 12 hereof be made by electronic fund transfer, as provided in Section 4.6 hereof.

4.6 Electronic Funds Transfer. If the Company designates that payments required under Sections 4, 7, and 12 hereof be made by electronic fund transfer, Franchisee shall deposit into one bank account and maintain sufficient revenue to cover payments due to the Company and its affiliates. Franchisee shall furnish to the Company, upon the Company's request, such bank and account number, a voided check from such bank account, and written authorization for the Company to withdraw funds from such bank account via electronic funds transfer without further consent or authorization for Franchisee's payments to the Company and its affiliates under this Agreement. Franchisee agrees to execute any and all documents as may be necessary to effectuate and maintain the electronic funds transfer arrangement, as required by the Company. In the event Franchisee changes banks or accounts for the bank account required by this Section 4.6, Franchisee shall, prior to such change, provide such information concerning the new account and an authorization to make withdrawals therefrom. Franchisee's failure to provide such information concerning the bank account required by this Section 4.6 or any new account, or Franchisee's withdrawal of consent to withdrawals for whatever reason and by whatever method shall be a breach of this Agreement. The Company shall have the right to charge Franchisee its then-current overdraft fee in the event that there are insufficient funds to cover payments due to the Company and its affiliates.

5. OPENING OF FRANCHISED BUSINESS; RELOCATION

5.1 Opening. Franchisee shall commence operation of the Rita's Shop not later than nine (9) months after the date of execution of this Agreement. Franchisee's failure to open the Rita's Shop within this time period shall be considered a material breach and default under this Agreement and will entitle the Company to terminate this Agreement pursuant to Section 15 hereof.

5.2 Renovation and Construction. Franchisee shall renovate or construct, and equip the Rita's Shop at Franchisee's own expense. Before commencing any renovation or construction of the Rita's Shop, Franchisee, at its expense, shall employ a qualified architect or engineer, if required by law, to prepare preliminary and final architectural and engineering drawings and specifications of the Franchised Business in accordance with the Company's standard plans and specifications. Such preliminary and final drawings and specifications shall be submitted to the Company for its prior written approval. The drawings and specifications shall not thereafter be changed or modified without the prior written approval of the Company. The Company's approval shall not relate to Franchisee's obligations with respect to any federal, state or local laws, codes or regulations including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Rita's Shop, which shall be Franchisee's sole responsibility.

5.3 Permits and Clearances. Franchisee shall be responsible, at Franchisee's expense, for conforming the premises to local ordinances, building codes and the ADA, and for obtaining all zoning classifications, permits, and clearances, including, but not limited to, certificates of occupancy and mall clearances, which may be required by federal, state or local laws, ordinances, or regulations.

5.4 Pre-Opening Inspection. Franchisee shall provide at least fourteen (14) days prior notice to the Company of the date on which Franchisee proposes to open the Rita's Shop for

business. The Company shall have the right, at its option, to inspect, approve, and require changes to, the Rita's Shop prior to its opening for business. Franchisee shall not open the Rita's Shop without the Company's prior written approval, which approval shall not be unreasonably withheld. The parties agree that time is of the essence in the opening of the Rita's Shop.

5.5 Relocation. If Franchisee desires to relocate the Rita's Shop, Franchisee shall submit to the Company a written request to approve the proposed new location for the Rita's Shop. The Company is not obligated to approve any request for relocation, and the Company may, in its sole discretion, require any or all of the following as conditions of its approval: (a) Franchisee is in compliance with all terms and conditions of this Agreement; (b) Franchisee has the funds available to relocate the Rita's Shop and construct a new Rita's Shop according to the Company's then-current design standards; (c) Franchisee shall execute, for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the Company's then-current form of franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement; (d) Franchisee shall execute a general release, in a form prescribed by the Company, of any and all claims against the Company and its affiliates, and their respective officers, directors, agents and employees; and (e) Franchisee shall pay the Company a fee of two thousand five hundred dollars (\$2,500) for its services in connection with any such approval, evaluation and relocation of the Rita's Shop. The Company shall have the right, in its sole discretion, to specify a new Franchisee's Territory, which may be smaller than the Franchisee's Territory provided in this Agreement.

5.5.2 If Franchisee closes the Rita's Shop for any period of time during relocation, the Company reserves the right to require Franchisee to pay the Company the same royalty fees and Advertising Fees paid during the same time period of the prior year.

6. TRAINING

6.1 Initial Training Program. Prior to the opening of the Rita's Shop, Franchisee and at least one other employee of Franchisee approved by the Company, must attend and successfully complete to the Company's satisfaction the standard initial training program for Franchisees offered by the Company. If Franchisee is a corporation, partnership or limited liability company, the requirement that Franchisee attend training described in this Section 6.1 shall be deemed to apply to a principal of Franchisee acceptable to the Company.

6.1.1 The Company's standard initial training program shall consist of at least five (5) days of training at Cool University, and four (4) days of training at an approved Satellite Location and at such times designated by the Company, in its sole discretion. The standard basic training program will include the preparation of Italian ice, frozen custard, and other products sold at Rita's shops; methods of operation, techniques of doing business, bookkeeping, establishing and maintaining quality standards; guest service, advertising and promotions; security and loss prevention; opening methods and techniques, personnel training; and such other items determined by the Company, in its sole discretion.

6.1.2 At the Company's option, any persons subsequently employed by Franchisee in the position of manager shall prior to the assumption of duties also attend and complete to the Company's satisfaction the Company's initial training program for Franchisees.

6.1.3 Franchisee and Franchisee's manager and other employees shall also attend such additional courses, seminars, conventions, and programs as the Company may reasonably require from time to time.

6.1.4 The Company reserves the right to provide any training program through seminars, lectures, classes, Internet-based programs, conference calls, or other methods.

6.2 Training Details and Expense. All training shall be conducted at such times, dates and places as the Company designates from time to time in its sole discretion, and shall be subject to the availability of the Company's personnel. For the initial training program and all additional courses, seminars, conventions and programs described in Section 6.1.3 hereof, the Company shall provide, at no charge to Franchisee, a total of eighteen (18) days of training, instructors and materials to Franchisee or Franchisee's employees during the term of this Agreement. However, Franchisee and its employees shall be responsible for any and all expenses incurred by them in connection with any such courses, seminars, conventions, and programs, including, without limitation, the costs of accommodations, meals, wages and travel, as well as worker's compensation insurance. The Company reserves the right to charge its then-current training fee for any initial training, ongoing training, or additional training described in Section 6.1 and 6.3.

6.3 Employee Certification. In addition to the training of the individuals described in Section 6.1 hereof, any approved personnel from Franchisee's Rita's Shop responsible for preparing menu items from a Rita's Mix (including, without limitation, the Company's proprietary Italian ice) shall be certified in a manner prescribed by the Company to prepare such menu items. To be certified by the Company to prepare menu items from a Rita's Mix, an employee must receive such training as prescribed by the Company.

7. DUTIES OF FRANCHISEE

7.1 Standard of Operation. Franchisee understands and acknowledges that every detail of the Franchised Business is important to Franchisee, the Company, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all franchised businesses operating under the System, and to protect the Company's reputation and goodwill.

7.2 Store Operation. Franchisee shall use the Rita's Shop premises solely for the operation of the business franchised hereunder; shall keep the Rita's Shop open and in normal operation for such minimum hours and days as the Company may specify; shall refrain from using or permitting the use of the Rita's Shop premises for any other purpose or activity at any time without first obtaining the written consent of the Company, including, without limitation, storing at the premises of the Shop any products not authorized by the Company; and shall operate the Rita's Shop in strict conformity with such methods, standards, and specifications as the Company may from time to time prescribe in the Manuals or otherwise in writing.

Franchisee shall refrain from deviating from such standards, specifications, and procedures without the Company's prior written consent.

7.3 Adherence to Standards and Specifications. To insure that the highest degree of quality and service is maintained, Franchisee shall operate the Rita's Shop in strict conformity with such methods, standards, and specifications as the Company may from time to time prescribe in the Manuals or otherwise in writing, including, but not limited to, any and all specifically identified critical operating standards that the Company may adopt (the "Critical Operating Standards"). Franchisee acknowledges and understands that, in addition to the remedies described in Section 15 of the Agreement, Franchisee may be liable for fees and other costs, as described in the Manuals, if it fails to comply with the Critical Operating Standards. Franchisee agrees:

7.3.1 To maintain in sufficient supply (as the Company may prescribe in the Manuals or otherwise in writing), and to use at all times, only such Rita's Mixes and other products and ingredients acquired from a supplier or suppliers designated by the Company, and such other ingredients, products, materials, supplies, paper goods, fixtures, furnishings, equipment, signs, and menu items, as conform with the Company's standards and specifications, and to refrain from deviating therefrom by the use of nonconforming items, without the Company's prior written consent.

7.3.2 To sell, give away or offer only such menu items, products, and services as have been expressly approved in writing by the Company; to sell, give away or offer all types of menu items, products, and services specified by the Company; to refrain from any deviation from the Company's standards and specifications without the Company's prior written consent; and to discontinue selling and offering any unapproved menu items, products, or services, or any menu items, products, or services which the Company may, in its discretion, disapprove in writing at any time.

7.3.3 To use, in the preparation of the Proprietary Products, such Rita's Mixes, standards, specifications, and procedures as prescribed by the Company. Franchisee acknowledges and agrees that the Rita's Mixes are essential to the preparation and taste of the Proprietary Products, including, without limitation, the Italian ice and frozen custard, served at the Rita's Shop; that certain of the Rita's Mixes are proprietary trade secrets used in the System; and that use of such Rita's Mixes is an essential part of the Franchised Business.

7.3.3.1 Franchisee agrees to acquire the Rita's Mixes from such supplier(s), which may include the Company or its affiliates, as the Company shall designate or approve in the Manuals or otherwise in writing from time to time. Any purchase of Rita's Mixes (and any other items) from the Company or its affiliates shall be at such prices, and on such other terms and conditions, as are contained in the Manuals or as the Company shall specify from time to time in writing. Franchisee shall be responsible for, and pay the cost of, shipment and insurance, if any.

7.3.3.2 Franchisee acknowledges and agrees that the Company may from time to time, expressly approve in writing as specified in the Manuals or otherwise, certain other menu items, and products prepared by utilizing a Rita's Mix.

7.3.3.3 Franchisee agrees that all Proprietary Products prepared by Franchisee from a Rita's Mix shall be prepared, stored, maintained and served in strict conformity with the Company's standards, specifications and procedures, as the Company may specify in the Manuals or otherwise in writing from time to time. Franchisee acknowledges and agrees that any Proprietary Product for which the Company's standards, specifications and procedures require the use of a Rita's Mix, including, without limitation, Italian ice and frozen custard, shall be prepared solely with a Rita's Mix and with no other mix or unauthorized ingredients.

7.3.3.4 Franchisee acknowledges and agrees that all Proprietary Products prepared by Franchisee from a Rita's Mix shall be served in a fresh and tasty condition, and no stale or inferior-grade Proprietary Products prepared by Franchisee from a Rita's Mix shall be offered for sale or sold by Franchisee. Franchisee acknowledges and agrees that the Company shall have the right to require that any Proprietary Product prepared by Franchisee from a Rita's Mix be immediately removed from sale if the Company, during any inspection, reasonably believes the Proprietary Product to be of a stale or inferior-grade. Franchisee agrees immediately to remove, upon the Company's request, such Proprietary Product from sale.

7.3.4 To use and display only the standard menu format provided by the Company, as the same may be revised by the Company from time to time. Any changes in the menu format must be approved in writing by the Company prior to use. Franchisee shall have sole discretion as to the prices to be charged to guests.

7.3.5 To refrain from offering or selling any of the menu items, products, or services offered for sale hereunder from catalogs, through mail-order, interactive television, the World Wide Web, the Internet, or other electronic order-placement or entry system, without the Company's prior written consent.

7.3.6 To refrain from installing or permitting to be installed, unless specifically approved in writing, in advance, by the Company any vending machine, game or similar coin-operated device; any pay telephones, newspaper racks, concession stands, jukeboxes, gum machines, games, rides or coin vending machines.

7.3.7 To refrain from consuming, using, selling, offering to sell, or permitting to be on the Rita's Shop premises for any reason whatsoever any alcoholic or intoxicating beverages or products; and, except as otherwise approved by the Company in writing, to refrain from selling or distributing to any other Rita's Franchisee any products to be sold hereunder.

7.3.8 To participate in the Company's gift card program for all Rita's shops operating under the System, as prescribed by the Company in the Manuals or otherwise in writing from time to time, including, but not limited to, selling and offering for sale Rita's gift cards which may be redeemed at any Rita's shop for menu items or products, and permitting guests who purchased gift cards from another Rita's shop or the Company to redeem their gift cards for menu items or products at Franchisee's Rita's Shop.

7.3.9 To comply with all reasonable restrictions on maximum prices of specific goods or services to be offered or sold hereunder by Franchisee as required in the Manuals, in

any advertising program described in Section 12 hereof, or as otherwise reasonably specified in writing from time to time by the Company.

7.3.10 To participate in the “Smart Program” as described in the Manuals, as may be revised from time to time by the Company.

7.4 Fixtures, Furnishings and Equipment. Franchisee shall purchase and install, at Franchisee’s expense, all fixtures, furnishings, equipment (including, without limitation, the Company’s proprietary batch machine, and a telecopy machine, telephone, and cash register or point-of-sale recording system), décor, and signs as the Company may reasonably direct from time to time; and shall refrain from installing or permitting to be installed on or about the Rita’s Shop premises, without the Company’s prior written consent, any fixtures, furnishings, equipment, decor, signs, or other items not previously approved as meeting the Company’s then-current standards and specifications.

7.5 Approved and Designated Suppliers. All products sold or offered for sale at the Rita’s Shop, and other products, materials, supplies, paper goods, fixtures, furnishings and equipment used at the Shop, shall meet the Company’s then-current standards and specifications, as established in the Manuals or otherwise in writing. Except as provided in Section 7.3.3 hereof, Franchisee shall purchase all food items, ingredients, supplies, materials, and other products and equipment used or offered for sale at the Rita’s Shop for which the Company has established standards or specifications solely from suppliers (including manufacturers, distributors, and other sources) which demonstrate, to the continuing reasonable satisfaction of the Company, the ability to meet the Company’s standards and specifications, who possess adequate quality controls and capacity to supply Franchisee’s needs promptly and reliably, and who have been approved by the Company in the Manuals or otherwise in writing. If Franchisee desires to purchase products from a party other than an approved supplier, Franchisee shall submit to the Company a written request to approve the proposed supplier, together with such evidence of conformity with the Company’s specifications as the Company may reasonably require. The Company shall have the right to require that its representatives be permitted to inspect the supplier’s facilities, and that samples from the supplier be delivered for evaluation and testing either to the Company or to an independent testing facility designated by the Company. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee. The Company shall use its best efforts, within thirty (30) days after its receipt of such completed request and completion of such evaluation and testing (if required by the Company), to notify Franchisee in writing of its approval or disapproval of the proposed supplier. Approval shall not be unreasonably withheld. Franchisee shall not purchase any products from the proposed supplier until the Company’s written approval of the proposed supplier is received. The Company may from time to time revoke its approval of particular products or suppliers when the Company determines, in its sole discretion, that such products or suppliers no longer meet the Company’s standards. Upon receipt of written notice of such revocation, Franchisee shall cease to sell any disapproved products and cease to purchase from any disapproved supplier. Franchisee agrees that it shall use products purchased from approved suppliers solely for the purpose of operating the Franchised Business and not for any other purpose, including, without limitation, resale, except for the resale of products to another Rita’s franchisee for use in operating their Rita’s Shop. Nothing in the foregoing shall be construed to require the Company to approve any particular supplier, or to require the Company to make

available to prospective suppliers, standards and specifications for formulas, including, without limitation, the formulas for the Rita's Mixes, that the Company, in its sole discretion, deems confidential.

7.6 Grand Opening Advertising Requirement. Prior to the grand opening of the Franchised Business, Franchisee shall conduct, at Franchisee's expense, such pre-opening promotional and advertising activities as the Company reasonably may require as set forth in Section 12.2 hereof.

7.7 Inventory. At the time the Franchised Business opens, Franchisee shall stock the initial inventory of products, accessories, equipment, inventory and supplies prescribed by the Company in the Manuals or otherwise in writing. Thereafter, Franchisee shall stock and maintain all types of approved products in quantities sufficient to meet reasonably anticipated guest demand.

7.8 Permitted Entry and Inspection. Franchisee shall permit the Company and its agents to enter upon the Rita's Shop premises at any time during normal business hours for the purpose of conducting inspections; shall cooperate with representatives of the Company in such inspections by rendering such assistance as they may reasonably request; and, upon notice from the Company or its agents, and without limiting the Company's other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by the Company, the Company shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by the Company and to charge Franchisee a reasonable fee for the Company's expenses in so acting, payable by Franchisee upon demand. The foregoing shall be in addition to such other remedies the Company may have.

7.9 Proprietary Marks. Franchisee shall ensure that all advertising and promotional materials, signs, decorations, and other items specified by the Company bear the Proprietary Marks in the form, color, location, and manner prescribed by the Company.

7.10 Shop Maintenance. Franchisee shall maintain the Rita's Shop premises (including adjacent public areas) in a safe, clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense, make such additions, alterations, repairs, and replacements thereto (but no others without the Company's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor as the Company may reasonably direct.

7.11 Refurbishing. At the Company's request, Franchisee shall refurbish the Rita's Shop premises, at its expense, to conform to the building design, trade dress, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new franchised businesses. Such refurbishment may include, without limitation, structural changes, installation of new equipment, remodeling, redecoration, and modifications to existing improvements.

7.12 On-Premises Supervision. The Rita's Shop shall at all times be under the direct, on-premises supervision of Franchisee (or if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee acceptable to the Company) or (if Franchisee or Franchisee's principal will not manage the Rita's Shop) an approved manager who has satisfactorily completed the Company's training program. Unless otherwise agreed to in writing by the Company, only Franchisee, Franchisee's manager, or other designated employee (each of whom has satisfactorily completed the Company's training program) shall be involved in the preparation of any Proprietary Product (including, without limitation, Italian ice) prepared from a Rita's Mix. Franchisee shall maintain a competent, conscientious, trained staff, including a fully-trained manager (who may be Franchisee). Franchisee shall take such steps as are necessary to ensure that its employees preserve good guest relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as the Company may establish from time to time in the Manuals. Franchisee and its employees shall handle all guest complaints, refunds, and other adjustments in a manner that will not detract from the name and goodwill of the Company. If the Company receives a complaint from one of Franchisee's guests, then the Company reserves the right to require Franchisee to pay the Company's then-current Guest Complaint Resolution Fee as set forth in the Manuals. Franchisee shall take such steps as are necessary to ensure that its employees do not violate the Company's policies relating to the use of Networking Media Websites (as defined in Section 8.10 below), including, but not limited to, prohibiting employees from posting any information relating to the Company, the System, the Proprietary Marks, or the Franchised Business on any Networking Media Website without the Company's prior written approval. Franchisee shall be solely responsible for all employment decisions and functions of the Franchised Business, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees.

7.13 Modifications to the System. Should the Company modify or alter the System during the term of this Agreement, it will notify Franchisee of such modifications and changes in writing and Franchisee shall implement such changes within sixty (60) days of receipt of the Company's notice and instructions.

7.14 Rita's Advisory Council. Franchisee shall participate actively in such Rita's Advisory Council ("Council") as the Company designates and participate in all Council programs approved by the Company. The Company, in its sole discretion, will determine the boundaries of the Council. The purposes of the Council shall include, but are not limited to, exchanging ideas and problem-solving methods, advising the Company on expenditures for system-wide advertising, and coordinating franchisee efforts. Franchisee shall pay all assessments levied by the Council, and the Company has the right to enforce this obligation. Amounts and expenditures may vary from time to time due to variations in Council participation and costs, as determined by the Council, and as approved by the Company.

7.15 No Changes by Franchisee. Franchisee shall not implement any change, amendment, or improvement to the System without the express prior written consent of the Company. Franchisee shall notify the Company in writing of any change, amendment, or improvement in the System, including, without limitation, suggested new menu items, flavors and recipes, which Franchisee proposes to make, and shall provide to the Company such information as the Company requests regarding the proposed change, amendment, or

improvement. Franchisee acknowledges and agrees that the Company shall have the right to incorporate the proposed change, amendment, or improvement into the System and shall thereupon obtain all right, title, and interest therein without compensation to Franchisee.

7.16 Lease Requirements. Franchisee shall comply with all terms of its lease or sublease, and all other agreements affecting the operation of the Franchised Business.

7.17 System Advertising Promotion. If Franchisee elects or is obligated hereunder to participate in any System promotion, Franchisee shall use such displays and promotional materials as the Company shall authorize and specify from time to time, and shall coordinate its participation with the Company and other System franchisees as the Company may direct.

7.18 Health Standards. Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Rita's Shop. Franchisee shall furnish to the Company, within five (5) days after receipt thereof, a copy of any violation or citation which indicates Franchisee's failure to maintain local health or safety standards in the operation of the Rita's Shop.

7.19 Franchisee's Designee. Franchisee shall designate a principal of Franchisee who will have authority and responsibility to deal with the Company in connection with Franchised Business, who will be the primary contact person for the Company, and who will be available and responsible for communicating with the Company at all times, including, without limitation, during times when the Rita's Shop is closed for the season ("Franchisee's Designee"). If Franchisee is an individual, Franchisee shall be Franchisee's Designee. Franchisee shall provide the Company with such personal contact information as the Company requires in the Manuals (including, without limitation, telephone number and e-mail address) for Franchisee's Designee, and shall promptly notify the Company in writing of any changes to the identity or contact information of Franchisee's Designee.

7.20 Batch Machine. Franchisee shall execute any and all documents and do such acts as may, in the opinion of the Company, be necessary for the Company to perfect its UCC interest in each batch machine used in, or intended for use in, the operation of the Franchised Business, as described in Sections 14.5 and 16.8 hereof. Franchisee shall not sell, assign, transfer, convey, pledge, encumber or otherwise give away the batch machines, or interest therein, without providing prior written notice to the Company as required in Sections 14.5 and 16.8 hereof.

7.21 Annual Business Meeting. At Rita's discretion, Franchisee and Franchisee's employees may be required to attend an Annual Business Meeting at a location to be determined by Rita's. Franchisee will be responsible for all expenses incurred in connection with attending the Annual Business Meeting, including, without limitation, the costs of accommodations, meals, wages and travel.

8. PROPRIETARY MARKS AND TECHNOLOGY

8.1 Representations. The Company represents with respect to the Proprietary Marks:

8.1.1 The Company has the right to use, and to license others to use the Proprietary Marks; and

8.1.2 The Company has taken and will take all steps reasonably necessary to preserve and protect the ownership and validity of the Proprietary Marks.

8.2 Franchisee's Use of the Marks. With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee agrees that:

8.2.1 Franchisee shall use only the Proprietary Marks designated by the Company, and shall use them only in the manner authorized and permitted by the Company;

8.2.2 Franchisee shall use the Proprietary Marks only for the operation of the Rita's Shop and only at the Approved Location, or in advertising for the business conducted at or from the Approved Location;

8.2.3 Unless otherwise authorized or required by the Company, Franchisee shall operate and advertise the Rita's Shop only under the name, "Rita's Ice-Custard-Happiness", and shall use all Proprietary Marks without prefix or suffix. Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name;

8.2.4 During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify itself as the owner of the Franchised Business in conjunction with any use of the Proprietary 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 and at such conspicuous locations as the Company may designate in writing;

8.2.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of the trademark owner's rights and will entitle the Company to exercise all of its rights under this Agreement in addition to all rights available at law or in equity;

8.2.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of the Company;

8.2.7 Franchisee shall comply with the Company's instructions in filing any requisite trade name or fictitious name registrations. The only costs to be borne by Franchisee in this respect are the cost and expense of Franchisee's counsel and applicable filing fees. Franchisee shall execute any documents deemed necessary by the Company to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability;

8.2.8 Franchisee shall promptly notify the Company of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, any challenge to the ownership of, or the Company's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that the Company has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. The Company has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. The Company shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If the Company, in its sole

discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by the Company. If the Company, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in the opinion of the Company, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, the Company agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts; and

8.2.9 Franchisee shall not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Proprietary Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Proprietary Marks.

8.3 Acknowledgments. Franchisee expressly understands and acknowledges that:

8.3.1 The Company is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and the Company has the right to use, and license others to use, the Proprietary Marks;

8.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System as well as to protect the uniformity of the System;

8.3.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of the trademark owner's ownership of, or the Company's right to use and to license others to use, the Proprietary Marks;

8.3.4 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks; and

8.3.5 Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to the benefit of the Company, and upon expiration or termination of this Agreement and the license granted herein, no monetary amount shall be assigned to Franchisee or any of its principals, affiliates, subsidiaries, successors, licenses or assigns as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks.

8.4 Non-Exclusive License. Except as specified in Section 1.3 hereof, the license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and the Company retains the following rights, among others: (a) to use the Proprietary Marks itself in connection with selling products and services; (b) to grant other licenses for the Proprietary Marks; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee.

8.5 Modification of Proprietary Marks. The Company reserves the right, in its sole discretion, to modify, add to, discontinue use of or substitute different proprietary marks for use in identifying the System and the Rita's shops operating hereunder, and Franchisee agrees to use such marks. Franchisee shall bear the costs of modifying Franchisee's signs, menu boards, displays, paper products and advertising materials to conform to the Proprietary Marks designated by the Company. The Company shall have no obligation or liability to Franchisee as a result of such modification, addition, substitution or discontinuance.

8.6 Computer System and Required Software.

8.6.1 The Company shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (a) back office and point of sale systems, data, audio, and video, systems for use at the Franchised Business; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (collectively, the "Computer System").

8.6.2 The Company shall have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs that Franchisee must use in connection with the Computer System, which may include web-based software programs (the "Required Software"), which Franchisee shall install at its expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at its expense; (c) the tangible media upon which Franchisee shall record data; and (d) the database file structure of the Computer System.

8.6.3 At the Company's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. The Company shall have the right at any time to remotely retrieve and use such data and information from Franchisee's Computer System or Required Software that the Company deems necessary or desirable. Franchisee expressly agrees to strictly comply with the Company's standards and specifications for all items associated with Franchisee's Computer System and any Required Software in accordance with the Company's standards and specifications. Franchisee agrees, at its own expense, to keep the Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Required Software as the Company directs from time to time in writing. Franchisee agrees that its compliance with this Section 8.6 shall be at Franchisee's sole cost and expense.

8.7 Data. All data provided by Franchisee, uploaded to the Company's system from Franchisee's system, and/or downloaded from Franchisee's system to the Company's system, is and will be owned exclusively by the Company, and the Company will have the right to use such data in any manner that the Company deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Franchised Business (including but not limited to consumer and transaction data), is and will be owned exclusively by the Company during the term of, and following termination or expiration of, this Agreement. Copies and/or originals of such data must be provided to the Company upon the Company's request. The Company hereby licenses use of such data back to Franchisee, at no additional cost, solely for

the term of this Agreement and solely for Franchisee's use in connection with the establishment and operation of the Franchised Business pursuant to this Agreement.

8.8 Privacy. Subject to commercial standards of reasonableness based upon local business practices in Franchisee's Territory, the Company may, from time-to-time, specify in the Manuals (or otherwise in writing) the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Business, and Franchisee shall provide to the Company such reports as the Company may reasonably request from the data so collected and maintained. All data pertaining to or derived from the Franchised Business (including, without limitation, data pertaining to or otherwise about customers) is and shall be the exclusive property of the Company, and the Company hereby grants a royalty-free nonexclusive license to Franchisee to use said data during the term of this Agreement. Franchisee shall abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without the Company's prior written consent as to said policy.

8.9 Extranet. The Company may, but is not obligated to, establish an Extranet. The term "Extranet" means a private network based upon Internet protocols that will allow users inside and outside of the Company's headquarters to access certain parts of the Company's computer network via the Internet. If the Company does establish an Extranet, then Franchisee shall comply with the Company's requirements (as set forth in the Manuals or otherwise in writing) with respect to connecting to the Extranet and utilizing the Extranet in connection with the operation of the Franchised Business. The Extranet may include, without limitation, the Manuals, training and other assistance materials, and management reporting solutions (both upstream and downstream, as the Company may direct). Franchisee shall purchase and maintain such computer software and hardware (including, but not limited to, telecommunications capacity) as may be required to connect to and utilize the Extranet. The Company shall have the right to require Franchisee to install a video, voice and data system that is accessible by both the Company and Franchisee on a secure Internet website, in real-time, all in accordance with the Company's then-current written standards as set forth in the Manuals or otherwise in writing. Franchisee shall comply with the Company's requirements (as set forth in the Manuals or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and the Company's Extranet and/or such other computer systems as the Company may reasonably require.

8.10 Websites. The Company maintains a Website at www.ritasice.com and has the right to promote the System and those company-owned and franchisee-owned locations as the Company determines and in the manner the Company determines in its sole discretion. The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including, but not limited to, social and business networking media such as Facebook, Twitter, LinkedIn, and on-line blogs and forums ("Networking Media Websites"). The Company reserves the right to require Franchisee to pay the Company a one-time design fee and a monthly hosting fee in an amount set forth in the Manuals or otherwise in writing for the design and hosting of the Franchised Business on the Company's Website. Design and hosting fees may change over time if design and content require more bandwidth or functionality. Unless otherwise approved in writing by the Company, Franchisee shall not establish a separate

Website. However, the Company shall have the right to require that Franchisee have one or more references or webpage(s), as designated and approved in advance by the Company, within the Company's Website. The Company shall have the right to require that Franchisee not have any Website other than the webpage(s), if any, made available on the Company's Website. However, if the Company approves a separate Website for Franchisee (which the Company is not obligated to approve; and, which approval, if granted, may later be revoked by the Company), then each of the following provisions shall apply:

8.10.1 Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee, including any posting on or contribution to a Networking Media Website, shall be deemed "advertising" under this Agreement and will be subject to, among other things, the Company's prior review and approval;

8.10.2 Before establishing any Website, Franchisee shall submit to the Company, for the Company's prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta tags) in the form and manner the Company may reasonably require;

8.10.3 If approved, Franchisee shall not subsequently modify such Website without the Company's prior written approval as to such proposed modification;

8.10.4 Franchisee shall comply with the standards and specifications for Websites that the Company may periodically prescribe in the Manuals or otherwise in writing;

8.10.5 If required by the Company, Franchisee shall establish such hyperlinks to the Company's Website and other Websites as the Company may request in writing; and

8.10.6 Franchisee shall not post any information relating to the Company, the System, the Proprietary Marks, or the Franchised Business on a Networking Media Website without the Company's prior written approval; and Franchisee shall not make any posting or other contribution to a Networking Media Website that (a) is derogatory, disparaging, or critical of the Company, (b) is offensive, inflammatory, or indecent, or (c) harms the goodwill and public image of the System and/or the Proprietary Marks.

8.11 Domain Names. Franchisee acknowledges and agrees that if the Company grants its approval for Franchisee's use of a generic, national, and/or regionalized domain name, the Company shall have the right to own and control said domain name at all times and may license it to Franchisee for the term of this Agreement on such terms and conditions as the Company may reasonably require (including, but not limited to, the requirement that Franchisee reimburse the Company's costs for doing so). If Franchisee already owns any domain names, or hereafter registers any domain names, then Franchisee agrees that it shall notify the Company in writing and assign said domain names to the Company and/or a designee that the Company specifies in writing.

8.12 Online Use of Proprietary Marks and E-mail Solicitations. Franchisee shall not use the Proprietary Marks or any abbreviation or other name associated with the Company and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee

in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining the Company's written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003").

8.13 No Outsourcing Without Prior Written Approval. Franchisee shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without the Company's prior written approval. The Company's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with the Company and Franchisee in a form that is provided by the Company. The provisions of this Section 8.13 are in addition to and not instead of any other provision of this Agreement.

8.14 Changes to Technology. Franchisee and the Company acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that the Company shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those reasonable new standards established by the Company as if this Agreement were periodically revised by the Company for that purpose.

9. SYSTEM MANUALS

9.1 Store Operation. In order to protect the reputation and goodwill of the Company and to maintain high standards of operation under the System, Franchisee shall operate the Rita's Shop in strict accordance with the standards, methods, policies, and procedures specified in the System Manuals, which consist of the Operations Manual, the Products and Procedures Manual, and the Product Recipes Manual (collectively, the "Manuals"). Upon commencement by Franchisee or Franchisee's manager of the Company's initial training program, the Company will make available to Franchisee by electronic means, one copy of the Manuals for the term of this Agreement.

9.2 Confidentiality. The Manuals contain confidential business information and trade secrets that belong to the Company. The Company owns the Manuals and all rights, including proprietary rights, in, and to, the Manuals and their information. Any copies and summaries of the Manuals are, and shall at all times remain, the property solely of the Company. Franchisee shall at all times treat the Manuals, their information, any other manuals created for or approved for use in the operation of the Rita's Shop as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person.

9.3 Revisions to Manuals. The Company has the sole and absolute right to modify, add to, and delete from, the Manuals at any time. When notified in writing by the Company, Franchisee shall promptly update Franchisee's copy of the Manuals with any modifications of, additions to, and deletions from, it. If Franchisee does not receive a paper copy of the Manuals, but instead is provided electronic access to the Manuals, all modifications of, additions to, and deletions from the Manuals will be made by the Company. Any written notice that the Company delivers to Franchisee containing any such modification of, addition to, and deletion from the Manuals shall bind Franchisee upon Franchisee's receipt of such notice. Franchisee shall be solely responsible to insure that the Rita's Shop is operated in compliance with the most current and up-to-date version. Franchisee expressly agrees to comply with and implement each new or changed standard, method, policy and procedure promptly and at Franchisee's sole expense.

9.4 Electronic Access to Manuals. The Company has the right to maintain all or any portions of the Manuals in written or electronic form, including, without limitation, on one or more Websites. If the Company maintains the Manuals in electronic form or on one or more Websites, Franchisee agrees (a) to install, maintain, and upgrade continually throughout the term of this Agreement and as required by the Company in the Manuals and in writing from time to time, at Franchisee's sole expense, the highest-speed Internet connection available to provide access to such portions of the Manuals; (b) to make one copy of such portions of the Manuals and to maintain such copies and their contents as secret and confidential; and (c) Franchisee and none of Franchisee's principals or employees shall make any electronic copy of any portion of the Manuals.

9.5 Master Copy. The electronic copy (or, if unavailable, the paper copy) of the Manuals maintained by the Company at its home office is, and shall be, controlling in the event of any dispute as to the Manuals' contents. Franchisee shall use the Manuals solely for the operation of the Rita's Shop.

9.6 Replacement Manuals. If Franchisee loses a paper copy of the Manuals provided by the Company, Franchisee agrees to pay the Company Five Hundred Dollars (\$500.00) for each manual that must be replaced. Franchisee shall also pay to replace the Manuals if (a) Franchisee fails to notify the Company of non-receipt of the Manuals within 3 months after Franchisee signs the Agreement and the Company has a record that the Manuals were shipped to Franchisee; or (b) Franchisee fails to notify the Company of non-receipt of an updated version of the Manuals within 3 months after notification that the Manuals have been shipped and the Company has a record of the shipment.

10. CONFIDENTIAL INFORMATION

10.1 Confidential Information. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes the Rita's Mixes, ingredients, formulae, recipes and methods of preparation of certain food products, and methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information"). Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

Franchisee acknowledges and agrees the Company will disclose the Confidential Information to Franchisee in furnishing to Franchisee the training program and subsequent ongoing training, the Manuals and general assistance during the term of this Agreement. Franchisee acknowledges and agrees that Franchisee will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and that the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. Franchisee acknowledges and agrees that the Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee does hereby agree, that it shall: (1) not use the Confidential Information in any other business or capacity during and after the term of this Agreement; (2) maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) not make unauthorized copies of any portion of the Confidential Information and maintain restrictions on disclosure thereof to Franchisee's employees by reasonable methods; and (4) not disclose or permit access to any Confidential Information by any person, except for employees of Franchisee requiring such access for Franchisee to fulfill its obligations under this Agreement.

10.2 Confidentiality Agreements. At the Company's request, Franchisee shall obtain execution of the covenants described in Section 17 from the individuals described therein.

11. ACCOUNTING AND RECORDS

11.1 Recordkeeping. Franchisee shall keep, maintain and record all sales on such recordkeeping, cash register(s) or reporting system(s) designated by the Company, or on any other equipment specified by the Company in the Manuals or otherwise in writing from time to time. Franchisee shall prepare, and shall preserve for at least three (3) years from the dates of their preparation, complete and accurate books, records, and accounts, which fully and correctly record and disclose all transactions relating to or involving the operation of the Rita's Shop, in accordance with generally accepted accounting principles and in the form and manner prescribed by the Company from time to time in the Manuals or otherwise in writing.

11.2 Recording Procedures. All Gross Sales, sales tax, and charges collected on behalf of third parties shall be recorded by Franchisee in accordance with the procedures prescribed in the Manuals, and on such cash register or point-of-sale recording system as the Company may specify pursuant to Section 7 hereof.

11.3 Reports. Franchisee shall, at Franchisee's expense, submit to the Company in the form prescribed by the Company, the following reports, financial statements, and other data:

11.3.1 By the fifteenth (15th) day of each month, an accurate profit and loss statement and a report accurately reflecting all Gross Sales during the prior calendar month;

11.3.2 Within ninety (90) days after the end of each fiscal year of the Rita's Shop, financial statements prepared by an independent certified public accountant approved by the Company, including, without limitation, a complete and accurate profit and loss statement for the preceding year and balance sheet as of the end of such year, showing the results of operations of the Rita's Shop during said fiscal year, which may be unaudited, unless Franchisee has

received written notice from the Company requiring an audit and, in such event, Franchisee shall have ninety (90) days from receipt of the notice of audit requirement to provide the Company with the audited financial statements;

11.3.3 Within ten (10) days after their completion, all federal tax returns filed by Franchisee;

11.3.4 Upon the Company's request, within ten (10) days after their timely completion, all state and local sales, income or other tax returns filed by Franchisee; and

11.3.5 Such other forms, reports, records, information, and data as the Company may reasonably designate from time to time, as may be described in the Manuals.

11.4 Inspection and Audit. The Company and its designated agents shall have the right at all reasonable times to examine and copy, at the Company's expense, the books, records, accounts, and tax returns of Franchisee. The Company 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 any payments have been understated in any report to the Company, then Franchisee shall immediately pay to the Company the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. If an inspection or audit discloses an understatement in any report of three percent (3%) or more, Franchisee shall, in addition to repayment of monies owed with interest, reimburse the Company for any and all costs and expenses connected with the inspection or audit (including, without limitation, travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies the Company may have.

12. ADVERTISING AND PROMOTION

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

12.1 Generally. With regard to advertising generally for the Rita's Shop, Franchisee shall place or display at the Approved Location (interior and exterior) only such signs, emblems, lettering, logos and displays and advertising materials as the Company approves in writing from time to time. Franchisee shall submit to the Company, prior to its use, samples of all sales promotional and advertising materials desired to be used by Franchisee, including, but not limited to, newspaper, radio and television advertising, specialty and novelty items, signs, cups, boxes, bags and other packaging which have not been previously approved by the Company. Such submission shall not affect Franchisee's right to determine the prices at which Franchisee sell its products. Within fifteen (15) days of the Company's receipt of any sample sales promotional material or advertising materials from Franchisee, the Company shall notify Franchisee in writing of the Company's approval or disapproval of the materials; provided, however, the Company's failure to approve or disapprove the materials within fifteen (15) days of receipt shall be deemed a disapproval. Franchisee shall not use any advertising or promotional materials for which the Company has not given its prior written approval.

12.2 Grand Opening Local Advertising and Promotional Program. Beginning sixty (60) days prior to the opening of Franchisee's Rita's Shop and, if applicable, any relocation or transfer of Franchisee's Rita's Shop, Franchisee shall conduct grand opening advertising and promotion in the form and manner as determined by the Company in its sole discretion. Franchisee shall expend twenty thousand dollars (\$20,000) on such grand opening advertising and promotion within thirty (30) days of the opening of Franchisee's Rita's Shop. The Company may, in its sole discretion, purchase on your behalf, broadcast and print advertising and such other advertising and promotion as recommended by Rita's and may require Franchisee to purchase certain advertising materials, including, but not limited to, a Rita's "Ice Guy" costume. The cost of the promotion and media included shall be determined by Rita's and may vary depending on the size and location of the market where the Shop is located. In addition, when Franchisee opens its Shop, Franchisee must give away for free regular-sized cups of any flavor of ice to its guests. The Company will provide Franchisee with a reimbursement of up to three (3) cases of cherry flavor mix. Franchisee will incur all expenses related to the free ice give-away, including the cost of ice mixes, supplies, and cups.

12.3 Advertising Fee. Franchisee shall pay the Company an advertising fee ("Advertising Fee") which shall be allocated, in the Company's sole discretion, to (a) the Fund (as described in Section 12.6); and/or (b) the Cooperative (as described in Section 12.7 hereof). Franchisee shall pay to the Company the Advertising Fee through the purchase of Rita's Mixes from the Company and/or through approved suppliers as described in Section 7.3.3 hereof. The amount of the Advertising Fee shall be the sum of (a) the mathematical product, calculated by the Company, determined by multiplying three percent (3%) times the Company's estimate of the amount of gross sales to be derived by Franchisee from the retail sale of the products that will be prepared from the Rita's Mixes and (b) three percent (3%) times the Gross Sales of all Additional Products.

12.4 Local Advertising. In addition to the advertising expenditures required by Sections 12.2 and 12.3 above, for each week that the Rita's Shop is open for business, Franchisee shall expend an average of two percent (2%) of Gross Sales per week on local advertising in such manner as the Company may, in its sole discretion, direct in the Manuals or otherwise in writing from time to time (the "Minimum Advertising Expenditure").

12.4.1 Franchisee shall provide satisfactory evidence of Franchisee's required Minimum Advertising Expenditure in such manner as the Company shall direct in the Manuals or otherwise in writing from time to time.

12.4.2 The Company shall have the right to increase the Minimum Advertising Expenditure to a maximum of three percent (3%) of Gross Sales upon thirty (30) days prior written notice to Franchisee.

12.5 First Day of Spring Ice Give-Away. Each year on the first day of spring, franchisees must give away cups of any flavor ice for free to any guest who visits the franchisee's location from open until close. Rita's reserves the right to determine the size of the cup of ice received by guests. Franchisees must pay for all costs associated with the give-away, including mixes, supplies, and cups. For all mixes (whether they come from the franchisee's inventory or whether they are purchased in preparation for the First Day of Spring Ice Give-

Away), franchisee will be responsible for paying all royalty owed to Rita's at the time the mixes are purchased. Franchisee is also responsible for keeping accurate accounting and documenting how many regular cups of ice were given away as part of the First Day of Spring Ice Give-Away. Franchisee must submit this documentation to Rita's and Rita's will subsequently reimburse franchisee for the product royalty portion of this giveaway based on the number of regular ices given away and the franchisee's retail price.

12.6 Advertising Fund. The Company shall have the right, in its sole discretion, without, however, any obligation, to establish, administer and control the Fund. Franchisee agrees to contribute to the Fund as described in Section 12.3 hereof and the Fund shall be maintained and administered by the Company as follows:

12.6.1 The Company shall direct all advertising programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Fund is intended to maximize general public recognition, acceptance, and use of the System; and that the Company is not obligated, in administering the Fund, to make expenditures for Franchisees which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or from expenditures by the Fund. Ad Fund contributions will also be used to pay for all or part of the System's Mystery Shop program.

12.6.2 The Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which the Company believes will enhance the image of the System, including, among other things, the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing Networking Media Websites (as defined in Section 8.10 above) and other emerging media or promotional tactics; developing, maintaining, and updating a Website for the Company; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; conducting and administering in-store promotions and "mystery shopper" program(s); and providing promotional and other marketing materials and services to the businesses operating under the System.

12.6.3 The Company shall make contributions to the Fund for each of the Rita's shops operated by the Company (or its affiliates) in a percentage equivalent to the percentage contributions required of franchisees generally within the System. The Company agrees that it will exercise its best efforts to collect required contributions to the Fund from all franchisees required to contribute to the Fund.

12.6.4 All Fund contributions shall be maintained in an account separate from the other monies of the Company and shall not be used to defray any of the Company's expenses, except for such reasonable costs and overhead, if any, as the Company may incur in activities reasonably related to the direction and implementation of the Fund and advertising programs for franchisees and the System, including, among other things, costs of personnel for creating and implementing advertising, promotional, and marketing programs. The Fund and any earnings

thereon shall not otherwise inure to the benefit of the Company. The Fund shall not be considered a trust fund nor shall the Company be considered a trustee thereof. The Company shall maintain separate bookkeeping accounts for the Fund.

12.6.5 It is anticipated that all contributions to the Fund shall be expended for their intended purposes during the Fund's fiscal year in which contributions are made. Fund surpluses, if any, may be expended in the following fiscal year(s). Although the Company intends the Fund to be of a long term duration, the Company maintains the right to terminate the Fund at any time. The Fund shall not be terminated, however, until all monies in the Fund have been expended for advertising and promotional purposes.

12.6.6 The Fund is not and will not be an asset of the Company. An accounting of the operation of the Fund will be prepared annually and will be made available to Franchisee during regular business hours, upon Franchisee's written notice to the Company, once during each calendar year. The Company reserves the right, in its sole discretion, to require that such annual accounting include an audit of the operation of the Fund prepared by an independent certified public accountant selected by the Company and prepared at the expense of the Fund.

12.7 Advertising Cooperative. The Company shall have the right, in its sole discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Rita's Shop. If a Cooperative has been established applicable to the Rita's Shop at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Cooperative. If a Cooperative applicable to the Rita's Shop is established at any later time during the term of this Agreement, Franchisee shall become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. If the Rita's Shop is within the territory of more than one Cooperative, Franchisee shall be required to be a member of only one such Cooperative. If established, the following provisions shall apply to each Cooperative:

12.7.1 Each Cooperative shall be organized, governed, and administered in a form and manner, and shall commence operation on a date, approved in advance by the Company in writing;

12.7.2 Each Cooperative shall be organized for the exclusive purpose of administering regional advertising programs and developing, subject to the Company's approval, standardized advertising materials for use by the members in local advertising and promotion;

12.7.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without the prior approval of the Company. All such plans and materials shall be submitted to the Company in accordance with the procedure set forth in Section 12.1 hereof;

12.7.4 Each Cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the Cooperative by majority vote. Each Rita's shop operated by the Company or an affiliate in a geographic area for

which the Cooperative operates shall have voting power on any fees imposed by the Cooperative;

12.7.5 Each member franchisee shall submit to the Cooperative, no later than the tenth (10th) day of each month, for the preceding calendar month, its contribution as provided in Section 12.7.4 hereof, together with such other statements or reports as may be required by the Company or by the Cooperative with the Company's prior approval;

12.7.6 Franchisee's contribution to the Cooperative shall be in lieu of Franchisee's then-minimum local advertising and sales promotion expenditure as described in Section 12.4 hereof; provided, however, if Franchisee's contribution to the Cooperative does not at least equal the minimum required local advertising and sales promotion expenditure, Franchisee must expend the difference on local advertising and sales promotion as provided for in Section 12.4 hereof;

12.7.7 An unaudited accounting of the operation of the Cooperative will be prepared annually by the Cooperative and will be made available to Franchisee during regular business hours, once during each calendar year;

12.7.8 The Company, in its sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. The Company's decision concerning such request for exemption shall be final. If an exemption is granted to a Franchisee, Franchisee shall be required to expend on local advertising and sales promotion the full amount provided for in Section 12.4 hereof; and

12.7.9 Although each Cooperative when established is intended to be of perpetual duration, the Company maintains the right to change, dissolve, merge, or terminate any Cooperative. A Cooperative shall not be terminated, however, until all monies in that Cooperative have been expended for advertising and/or promotional purposes.

12.8 Advertising Materials. All advertising, printed materials, coupons, and promotion by Franchisee shall be in such media and of such type and format as the Company may approve, shall be conducted in a dignified manner, and shall conform to such standards and requirements as the Company may specify. Franchisee shall not use any advertising, coupons, or promotional plans or materials unless and until Franchisee has received written approval from the Company, pursuant to the procedures and terms set forth in Section 12.1 hereof. Franchisee shall not obtain a Website or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the rights granted hereunder without the Company's prior, written approval and, if such approval is granted, shall operate such Website in accordance with the Company's standards and policies provided to Franchisee in the Manuals or otherwise in writing from time to time.

12.9 Minimum Requirements. Franchisee understands and acknowledges that the required expenditures and contributions in this Section 12 are minimum requirements only, and that Franchisee may, and is encouraged by the Company to, expend additional funds for advertising and promotion.

13. INSURANCE

13.1 Minimum Insurance Requirements. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee, the Company, the Company's affiliates, and their respective officers, directors, partners, agents, and employees against any demand or claim with respect to personal injury, product liability, and broad form contractual liability, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Franchised Business, including, but not limited to, comprehensive general liability insurance, property and casualty insurance, statutory workers' compensation insurance, employer's liability insurance, and product liability insurance. Such policy or policies shall be written by a responsible carrier or carriers acceptable to the Company, shall name the Company and the Company's affiliates and their respective officers, directors, partners, agents and employees as additional insured parties as specified by the Company, and shall provide at least the types and minimum amounts of coverage as specified by the Company from time to time in the Manuals or otherwise in writing.

13.2 Nonwaiver. Franchisee's obligation to obtain and maintain the policy or policies in the amounts specified in the Manuals shall not be limited in any way by reason of any insurance which may be maintained by the Company, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 20.3 of this Agreement.

13.3 Certificate of Insurance. Prior to the commencement of any operations under this Agreement, and thereafter at least thirty (30) days prior to the expiration of any policy, Franchisee shall deliver to the Company Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given the Company in the event of material alteration to, or cancellation of, the coverages evidenced by such Certificates.

13.4 Other Insurance. Franchisee shall also maintain all other insurance coverage as may be required by law, including without limitation, worker's compensation and unemployment insurance.

13.5 Company's Right to Procure Insurance. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by the Company in the Manuals or otherwise in writing, the Company shall have the right and authority (but not the obligation) to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for the Company's expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies the Company may have.

14. TRANSFER OF INTEREST

14.1 Company's Right to Transfer. The Company shall have the right to transfer or assign this Agreement and assign and delegate all or any part of its rights or obligations herein to

any person or legal entity, and any designated assignee of the Company shall become solely responsible for all obligations of the Company under this Agreement from the date of assignment. Franchisee agrees hereby to consent to any such transfer, assignment or delegation and to execute such documents of attornment or otherwise as the Company shall request.

14.2 Franchisee's Right to Transfer. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that the Company has granted this franchise in reliance on Franchisee's (or, if Franchisee is a corporation, partnership or limited liability company, its principals') business skill, financial capacity, and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation, limited liability company or other legal entity which directly or indirectly owns any interest in Franchisee or in the Rita's Shop shall sell, assign, transfer, convey, pledge, encumber, merge, or give away this Agreement, any direct or indirect interest in Franchisee (including any direct or indirect interest in a corporate, partnership or limited liability company franchise), or in all or substantially all of the assets of the Rita's Shop, either voluntarily or by operation of law, unless Franchisee shall have first tendered to the Company the right of first refusal to acquire such interest in accordance with the provisions and other conditions set forth below, and then if the Company fails to exercise said right, only with the prior written consent of the Company, which consent will not be unreasonably withheld. Any purported assignment or transfer not having the prior written consent of the Company required by this Section 14.2 shall be null and void and shall constitute a material breach of this Agreement, for which the Company may immediately terminate without opportunity to cure pursuant to Section 15.2.6 of this Agreement.

14.3 Notification and Conditions of Approval. Franchisee shall notify the Company in writing of any proposed transfer of this Agreement, any direct or indirect interest in Franchisee, or in all or substantially all of the assets of the Rita's Shop at least thirty (30) days before such transfer is proposed to take place. The Company shall not unreasonably withhold its consent to such a transfer; provided, however, that:

14.3.1 if a transfer, alone or together with other previous, simultaneous, or proposed transfers would have the effect of transferring this Agreement, a controlling interest in Franchisee (as determined by the Company), or substantially all of the assets of the Rita's Shop, the Company may, in its sole discretion, require any or all of the following as conditions of its approval:

14.3.1.1 That all of Franchisee's accrued monetary obligations and all other outstanding obligations to the Company and its affiliates have been satisfied;

14.3.1.2 That Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and the Company, or its affiliates;

14.3.1.3 That the transferor (including all partners, shareholders and members and managers of a corporate, partnership or limited liability company transferor) shall have executed a general release, in a form satisfactory to the Company, of any and all claims

against the Company, its affiliates and their respective officers, directors, shareholders, and employees;

14.3.1.4 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) enter into a written assignment, in a form satisfactory to the Company, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; and all the owners of any interest in Franchisee and their spouses shall execute the Company's then-current form of guarantee of Franchisee's obligations hereunder;

14.3.1.5 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) demonstrate to the Company's satisfaction that it meets the Company's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the Rita's Shop (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the Rita's Shop;

14.3.1.6 That (a) the transferee shall execute, for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the then-current form of franchise agreement and other ancillary agreements as the Company may require for the Rita's Shop and any Rita's carts ("Carts"), if applicable, which agreements shall supersede this Agreement and any cart addenda (if applicable) in all respects, except that the transferee shall not be required to pay any initial franchise fee; and (b) all owners of an interest in Franchisee and such owners' spouses shall execute the Company's then-current form of guarantee of Franchisee's obligations under the franchise agreement;

14.3.1.7 That the transferor, at its expense, refurbish the Rita's Shop to conform to the Company's then-current standards and specifications, and complete the refurbishing and other requirements within the time specified by the Company. The Company may require the transferee to pay into escrow, in a non-interest bearing account, an amount of money equal to the estimated cost of such refurbishment as determined by the Company, to be held by the Company or a third party approved by the Company until the Rita's Shop has been brought into compliance with the Company's then-current standards as reasonably determined by the Company, and to execute the Company's then-current form of escrow agreement;

14.3.1.8 That Franchisee remain liable for all of the obligations to the Company in connection with the Rita's Shop which arose prior to the effective date of the transfer and which extend beyond the term hereof and execute any and all instruments reasonably requested by the Company to evidence such liability;

14.3.1.9 That the transferee (or, if the transferee is a corporation, partnership or limited liability company, a principal of the transferee acceptable to the Company), and the transferee's manager (if transferee or transferee's principal will not manage the Rita's Shop), at the transferee's expense, complete any training programs then in effect for franchisees and managers upon such terms and conditions as the Company may reasonably require;

14.3.1.10 That Franchisee pay a transfer fee in an amount equal to fifty percent (50%) of the initial franchise fee being charged to new System franchisees at the time of the transfer; provided, however, in the case of a transfer to a corporation or limited liability company formed by Franchisee for the convenience of ownership, (a) no such transfer fee shall be required for transfers occurring prior to twelve (12) months from the date of execution of this Agreement, and (b) a transfer fee of two hundred dollars (\$200) shall be required for transfers occurring at or any time after twelve (12) months from the date of execution of this Agreement. The Company may, in its sole discretion, reduce the transfer fee if the transferee is an existing Rita's franchisee;

14.3.1.11 That transferor shall have first offered to sell any such controlling interest to the Company, pursuant to Section 14.6 hereof;

14.3.1.12 That Franchisee deliver to the Company each and every copy of the Manual prior to the date of transfer. If Franchisee has lost any of the Manuals or fails to deliver each and every copy of the Manuals, Franchisee shall pay to the Company on or before the date of transfer the Company's then-current Manual replacement fee for each Manual that has been lost or not delivered to the Company; and

14.3.1.13 If Franchisee proposes to transfer any Cart or Cart Addendum in connection with any proposed transfer hereunder and the Company approves such transfer, the Company reserves the right to prohibit the transferee from operating such Cart for a period of time between ninety (90) days and three hundred sixty-five (365) days from the date of such transfer, as the Company determines in its sole discretion.

14.3.2 if a transfer, alone or together with other previous, simultaneous, or proposed transfers would have the effect of transferring a non-controlling interest in Franchisee (as determined by the Company), the Company may, in its sole discretion, require that Franchisee pay a transfer fee in an amount equal to the mathematical product of (a) the percentage of interest in Franchisee being transferred, multiplied by (b) the transfer fee being charged under the then-current form of franchise agreement at the time of the transfer.

14.4 No Security Interest. Franchisee shall not grant a security interest in the Rita's Shop or in any of the assets of the Rita's Shop unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, the Company shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event the Company exercises such option, any acceleration of indebtedness due to Franchisee's default shall be void.

14.5 Company's Option on Batch Machine. If Franchisee or other party owning any batch machine used in, or intended for use in, the operation of the Franchised Business desires to accept any bona fide offer from a third party to purchase the batch machine, such party shall first offer to sell the batch machine(s) to the Company. Franchisee shall notify the Company as provided in Section 14.3 hereof, and shall provide such information and documentation relating to the offer as the Company may require. The Company or its designated affiliate shall have the right and option, exercisable within fifteen (15) days after receipt of such written notification, to

send written notice to the seller that the Company or its affiliate intends to purchase the batch machine(s).

14.6 Company's Right of First Refusal. Except as otherwise provided in Section 14.5 hereof, if any party holding any direct or indirect controlling interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Rita's Shop desires to accept any bona fide offer from a third party to purchase such interest, such party shall first offer to sell such interest to the Company on such terms and conditions as described in this Section 14.6. Franchisee shall notify the Company as provided in Section 14.3 hereof, and shall provide such information and documentation relating to the offer as the Company may require. The Company or its designated affiliate shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that the Company or its affiliate intends to purchase the seller's interest on the same terms and conditions offered by the third party. In the event the Company or its affiliate elects to purchase the seller's interest, no material change in any offer and no other offers by a third party for such interest shall be considered with respect to the Company's right of first refusal. In the event the Company or its affiliate elects to purchase the seller's interest, closing on such purchase shall occur within ninety (90) days from the date of notice to the seller of the election to purchase by the Company. In the event the Company or its affiliate elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by the Company or its affiliate as in the case of the third party's initial offer. Failure of the Company or its affiliate to exercise the option afforded by this Section 14.6 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 14, with respect to a proposed transfer. In the event the consideration, terms, and/or conditions offered by a third party are such that the Company or its designated affiliate may not reasonably be required to furnish the same consideration, terms, and/or conditions, then the Company or its affiliate may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, an independent appraiser shall be designated by the Company or its affiliate at the Company's expense, and the appraiser's determination shall be binding.

14.7 Death or Mental Incapacity. Upon the death or mental incapacity of any person with any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Rita's Shop, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by the Company within nine (9) months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 14, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by the Company within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, the Company may terminate this Agreement, pursuant to Section 15.2.7 hereof.

14.8 Nonwaiver. The Company's consent to a transfer of any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Rita's Shop shall not

constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of the Company's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

14.9 Sale of Securities. All materials required for any offer or sale of securities of Franchisee by federal or state law shall be submitted to the Company for review, approval and consent prior to their being filed with any government agency; and any materials to be used in any exempt offering shall be submitted to the Company for review, approval and consent prior to their use. No Franchisee offering shall imply (by use of the Proprietary Marks or otherwise) that the Company is participating as an underwriter, issuer, or offeror of Franchisee's or the Company's securities; and the Company's review of any offering shall be limited solely to the subject of the relationship between Franchisee and the Company. Franchisee and the other participants in the offering must fully indemnify the Company in connection with the offering (subject to such limitations which are customary in offerings of this nature). For each proposed offering, Franchisee shall pay to the Company a non-refundable fee of Five Thousand Dollars (\$5,000), or such greater amount as may be necessary to reimburse the Company for its reasonable costs and expenses in connection with reviewing the proposed offering, including, without limitation, legal and accounting fees. If the documentation with respect to any such offer or sale is significantly less than what would normally be required in the case of such an offering, then the fee Franchisee shall pay to the Company for its costs and expenses shall be adjusted downward in order to reflect the amount of time actually expended in connection with such review. Franchisee shall give the Company written notice at least thirty (30) days prior to the date of commencement of any such offering. Any such offering shall be subject to the Company's right of first refusal as provided in Section 14.6 hereof.

14.10 Personal Guaranty of Principals. If Franchisee is a corporation, partnership or limited liability company, the Company reserves the right to require each shareholder, partner, member and manager (as the case may be) holding an interest in Franchisee to execute a covenant with the Company agreeing not to transfer any interest in Franchisee except in accordance with the terms and conditions of this Agreement, including without limitation, the Company's right of first refusal described in Section 14.6 hereof.

15. DEFAULT AND TERMINATION

15.1 Automatic Termination. Franchisee shall be deemed to be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; if Franchisee is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the Rita's Shop premises or equipment

is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Rita's Shop shall be sold after levy thereupon by any sheriff, marshal, or constable.

15.2 Notice Without Opportunity to Cure. Franchisee shall be deemed to be in default and the Company may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, upon the occurrence of any of the following events of default:

15.2.1 If Franchisee fails to locate an approved site or to construct and open the Rita's Shop within the time limits provided in the Site Selection Addendum or Section 5.1 of this Agreement;

15.2.2 If Franchisee or any of its principles or, if applicable, Franchisee's manager fails to complete the initial training program described in Section 6 hereof to the Company's satisfaction;

15.2.3 If Franchisee at any time ceases to operate or otherwise abandons the Rita's Shop, loses the right to possession of the Approved Location, or otherwise forfeits the right to do or transact business in the jurisdiction where the Rita's Shop is located. However, if, through no fault of Franchisee, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then Franchisee shall have thirty (30) days after such event in which to apply for the Company's approval to relocate and/or reconstruct the Approved Location, which approval shall not be unreasonably withheld;

15.2.4 If Franchisee is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that the Company believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or the Company's interest therein;

15.2.5 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Rita's Shop;

15.2.6 If any purported assignment or transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Rita's Shop is made to any third party without the Company's prior written consent, contrary to the terms of Section 14 hereof;

15.2.7 If an approved transfer is not effected within the time provided following death or mental incapacity, as required by Section 14.7 hereof;

15.2.8 If Franchisee fails to comply with the covenants in Section 17.2 and Section 17.3 hereof or fails to obtain execution of the covenants required under Section 17.9 hereof;

15.2.9 If, contrary to the terms of Sections 9 or 10 hereof, Franchisee discloses or divulges the contents of the Manuals or other Confidential Information provided to Franchisee by the Company;

15.2.10 If Franchisee knowingly maintains false books or records, or submits any false reports or information to the Company;

15.2.11 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated therewith or the Company's rights therein;

15.2.12 If Franchisee refuses to permit the Company to inspect the Rita's Shop premises, or the books, records, or accounts of Franchisee upon demand;

15.2.13 If Franchisee, upon receiving a notice of default under Section 15.3 hereof, fails to initiate immediately a remedy to cure such default;

15.2.14 If Franchisee, after curing any default hereunder commits the same or a similar default again, whether or not cured after notice; or

15.2.15 If Franchisee commits two (2) or more defaults hereunder (whether or not cured after notice) in any twelve-month period, or

15.2.16 If Franchisee or any affiliate or principal of Franchisee is in default under any other agreement or promissory note with the Company or any affiliate of the Company.

15.3 Notice With Opportunity to Cure. Except as otherwise provided in Sections 15.1 and 15.2 of this Agreement, upon any other default by Franchisee, the Company may terminate this Agreement by giving written notice of termination stating the nature of such failure to Franchisee at least fourteen (14) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the Company's satisfaction within the fourteen-day period (or such longer period as may be required to cure said default by reason of the nature thereof or as applicable law may require). If any such default is not cured within the specified period, or such longer period as applicable law may require, this Agreement shall terminate automatically without further notice to Franchisee, effective immediately upon the expiration of the fourteen-day period or such longer period as applicable law may require. Such defaults shall include, without limitation, the following illustrative events:

15.3.1 If Franchisee fails to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by the Manuals, or fails to carry out the terms of this Agreement in good faith;

15.3.2 If Franchisee fails, refuses, or neglects promptly to pay any monies owing to the Company or its affiliates when due, or to submit the financial or other information required by the Company under this Agreement;

15.3.3 If Franchisee fails to maintain or observe any of the specifications, standards or procedures prescribed by the Company in this Agreement, the Manuals, or otherwise in writing;

15.3.4 Except as provided in Section 15.2.6 hereof, if Franchisee fails, refuses, or neglects to obtain the Company's prior written approval or consent as required by this Agreement;

15.3.5 If Franchisee acts, or fails to act, in any manner which is inconsistent with or contrary to its lease or sublease for the premises, or in any way jeopardizes its right to renewal of such lease or sublease;

15.3.6 If Franchisee fails to maintain adequate product and service quality and facility cleanliness of the Rita's Shop, or fails to maintain necessary sanitation certificates, business licenses, or any other local, state or other governmental authorization to conduct the business contemplated under this Agreement; or

15.3.7 If Franchisee engages in any business or markets any service or product under a name or mark which, in the Company's opinion, is confusingly similar to the Proprietary Marks.

15.4 Cross Default. Default under this Agreement shall constitute a default under any Development Agreement between the parties, or affiliates of the parties, pursuant to which the Franchise Agreement was executed. A default under this Franchise Agreement for which this Agreement has been terminated shall constitute a default under any other franchise agreement between the parties hereto.

16. OBLIGATIONS UPON TERMINATION OR EXPIRATION

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

16.1 Cease Operations. Franchisee shall immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of the Company.

16.2 Cease Use of Confidential Information and Proprietary Marks. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System, the Proprietary Mark "Rita's Ice-Custard-Happiness", and other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, products, and any other articles which display the Proprietary Marks.

16.3 Cancellation of Assumed Name and Registrations. Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the Proprietary Marks, any other service mark or trademark of the Company or its affiliates, and Franchisee shall furnish the Company with

evidence satisfactory to the Company of compliance with this obligation within ten (10) days after termination or expiration of this Agreement.

16.4 Assignment of Lease and Telephone Numbers/Deidentification. Franchisee shall, at the Company's option, assign to the Company or its designee any interest which Franchisee has in any lease or sublease for the premises of the Franchised Business. In the event the Company or its designee does not elect to exercise its option to acquire the lease or sublease for the premises of the Franchised Business, Franchisee shall make such modifications or alterations to the premises (including, without limitation, the changing of, and the assigning to the Company or its designee of, any telephone number(s) and telephone listing(s)) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the premises from that of the Franchised Business under the System, and shall make such specific additional changes thereto as the Company may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 16.4, the Company shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee. Franchisee agrees to pay to the Company upon demand the Company's then-current fee and expenses incurred for de-identifying the premises of the Franchised Business.

16.5 Use of Proprietary Marks Prohibited. Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in the Company's sole discretion, is likely to cause confusion, mistake, or deception, or which, in the Company's sole discretion, is likely to dilute the Company's rights in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description, or representation (including but not limited to reference to the Company, the System, or the Proprietary Marks) which, in the Company's sole discretion, suggests or represents a present or former association or connection with the Company, the System, or the Proprietary Marks.

16.6 Payment of Sums Owed. Franchisee shall promptly pay all sums owing to the Company and its affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by the Company as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of the Company against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the premises operated hereunder at the time of default. In addition, the Company shall be entitled to recover from Franchisee the Company's lost profits in an amount equal to the mathematical product of (a) the number of months of the unexpired portion of Franchisee's initial term under this Agreement, multiplied by (b) Franchisee's average monthly royalty fee and Advertising Fee payments during the twelve-month period prior to termination. Franchisee acknowledges and agrees that such amount is a reasonable estimate of the Company's lost profits following termination of this Agreement. Franchisee further acknowledges and agrees that Franchisee is obligated to pay the Company for its lost profits due to Franchisee's breach of this Agreement, notwithstanding that the Company has terminated this Agreement.

16.7 Return of Manuals. Franchisee shall immediately deliver to the Company the Manuals, all copies, summaries, and extracts from it, and all other records, correspondence, newsletters, advertising layouts and instructions containing Confidential Information relating to the operation of the Franchised Business (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of the Company, and shall retain no copy or record of any of the foregoing, including any in electronic format, with the exception of Franchisee's copy of this Agreement, any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law. If Franchisee does not deliver all of the Manuals to the Company, Franchisee shall pay the Company five hundred dollars (\$500) for each Manual that Franchisee does not deliver to the Company.

16.8 Company's Option to Purchase Batch Machine. The Company or its designated affiliate shall have the option, to be exercised within thirty (30) days after termination or expiration, to purchase from Franchisee each batch machine used in, or intended for use in, the operation of the Franchised Business for the fair market value. If the parties cannot agree on a fair market value of the batch machines within a reasonable time, an independent appraisal shall be conducted at the Company's expense and the appraiser's determination shall be binding.

16.9 Company's Option to Purchase Assets. The Company or its designated affiliate shall have the option, to be exercised within thirty (30) days after termination or expiration, to purchase from Franchisee any or all of the Rita's Mixes, furnishings, equipment (except as provided in Section 16.8 hereof), signs, fixtures, stationery, letterhead, forms, packaging and advertising materials containing the Proprietary Marks, related to the operation of the Franchised Business at fair market value or at Franchisee's depreciated book value, whichever is less, and to purchase any or all supplies and inventory of the Franchised Business at Franchisee's cost or depreciated book value, whichever is less. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraisal shall be conducted at the Company's expense, and the appraiser's determination shall be binding. If the Company or its affiliate elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment thereof.

16.10 Post Term Covenants. Franchisee shall comply with the covenants contained in Section 17.3 of this Agreement.

16.11 Websites. Franchisee shall immediately irrevocably assign and transfer to the Company or its designee any and all interests Franchisee may have in any Website maintained by Franchisee in connection with the Franchised Business and in the domain name and home page address related to such Website. Franchisee shall immediately execute any documents and perform any other actions required by the Company to effectuate such assignment and transfer and otherwise ensure that all rights in such Website revert to the Company or its designee, and hereby appoints the Company as its attorney-in-fact to execute such documents on Franchisee's behalf if Franchisee fails to do so. Franchisee may not establish any Website using any similar or confusing domain name and/or home page address, including any site created and used for complaints against the Company its officers, directors or employees or personal attacks which use the Company's name or any variant thereof.

17. COVENANTS

17.1 Best Efforts. Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by the Company, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal, general partner or member or manager of Franchisee) or Franchisee's approved manager shall devote full time, energy, and best efforts to the management and operation of the Franchised Business hereunder.

17.2 In Term Covenants. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of the Company and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by the Company, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

17.2.1 Divert or attempt to divert any business or guest of Franchisee's Rita's Shop or any Rita's shop 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 Proprietary Marks and the System;

17.2.2 Unless released in writing by the employer, employ or seek to employ any person who is at that time employed by the Company or any franchisee or developer of the Company, or otherwise directly or indirectly to induce such person to leave his or her employment;

17.2.3 Own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a) is the same as, or substantially similar to, a Rita's shop; (b) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the Proprietary Products; or (c) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by a Rita's shop including, but not limited to, Italian ice, soft serve ice cream, custard, ice cream, frozen yogurt or other frozen confections, where the sale of such products constitutes or is intended to constitute five percent (5%) or more of the gross sales of the business operated or intended to be operated. The prohibitions in this Section 17.2.3 shall not apply to interests in or activities performed in connection with a Rita's shop.

17.2.4 Franchisee shall not participate in any online forum that (a) is disparaging or critical of the Company, (b) is offensive, inflammatory or indecent, or (c) harms the goodwill and image of the system and/or the Proprietary Marks.

17.3 Post Term Covenants. Franchisee covenants that, except as otherwise approved in writing by the Company, Franchisee shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, operate, engage in, act as a consultant for, perform

services for, or have any interest in any retail business which: (a)(i) is the same as, or substantially similar to, a Rita's shop; (ii) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the Proprietary Products including, but not limited to, Italian ice, soft serve ice cream, custard, ice cream, frozen yogurt or other frozen confections; or (iii) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by a Rita's shop where the sale of such products constitutes or is intended to constitute five percent (5%) or more of the gross sales of the business operated or intended to be operated; and (b) is, or is intended to be, located at or within:

17.3.1 Franchisee's Territory;

17.3.2 Three (3) miles of Franchisee's Territory; or

17.3.3 Three (3) miles of any Rita's shop operating under the System and the Proprietary Marks.

17.3.4 Three (3) miles of any former Rita's shop that closed less than two (2) years prior to the expiration or termination of this Agreement.

The prohibitions in this Section 17.3 shall not apply to interests in or activities performed in connection with a Rita's shop.

17.4 No Application to Equity Securities. Section 17.3 shall not apply to ownership by Franchisee less than a one percent (1%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities and Exchange Act of 1934.

17.5 Independent Covenants. 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 17 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, Franchisee 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 17.

17.6 Company's Reduction of Scope of Covenant. Franchisee understands and acknowledges that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 17.2 and 17.3 of this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees to comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 23 hereof.

17.7 No Defense. Franchisee expressly agrees that the existence of any claims Franchisee may have against the Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by the Company of the covenants in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by the Company in connection with the enforcement of this Section 17.

17.8 Injunctive Relief. Franchisee acknowledges that Franchisee's violation of the terms of this Section 17 would result in irreparable injury to the Company for which no adequate remedy at law may be available; and Franchisee accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by the Company in obtaining, an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section 17.

17.9 Covenants by Related Persons. Upon the Company's request, Franchisee shall provide the Company with executed covenants similar in substance to those set forth in Section 10 hereof and this Section 17 (including covenants applicable upon the termination of a person's relationship with Franchisee) from any salaried employee of Franchisee who is obligated to receive training from the Company and any family member who will receive training or have access to any of the Confidential Information of the Company. In no event shall any person described above be granted access to any confidential aspect of the System or the Franchised Business prior to execution of such a covenant. All covenants required by this Section 17 shall be in the form attached as Exhibit E and shall identify the Company as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Franchisee to obtain execution of a covenant required by this Section 17, and provide the same to the Company, shall constitute a material breach of this Agreement.

18. CORPORATE, PARTNERSHIP OR LIMITED LIABILITY COMPANY FRANCHISEE

18.1 Corporate Franchisee. A Franchisee which is a corporation shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

18.1.1 Franchisee shall furnish the Company with its Articles of Incorporation, Bylaws, other governing documents and any amendments thereto including the Resolution of the Board of Directors authorizing entry into this Agreement. The Company shall maintain the right to review other of Franchisee's corporate documents from time to time as it, in its sole discretion, deems advisable, including, but not limited to, minutes of the meetings of Franchisee's Board of Directors, any other documents the Company may reasonably request, and any amendments thereto.

18.1.2 Franchisee shall be a newly organized corporation, and shall at all times confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Rita's Shop contemplated hereunder.

18.1.3 Franchisee shall maintain stop transfer instructions against the transfer on its records of any equity securities; and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

The transfer of this stock is subject to the terms and conditions of a Franchise Agreement with Rita's Water Ice Franchise Company, LLC dated _____. Reference is made to the provisions

of the said Franchise Agreement and to the Articles and Bylaws of this Corporation.

Notwithstanding the above, the requirements of this Section 18.1.3 shall not apply to a “publicly-held corporation.” A “publicly-held corporation” for purposes of this Agreement shall mean a corporation registered pursuant to the Securities and Exchange Act of 1934.

18.1.4 Franchisee shall maintain a current list of all owners of record and to its knowledge, all beneficial owners of any class of voting securities of Franchisee and shall furnish the list to the Company upon request.

18.2 Partnership Franchisee. A Franchisee which is a partnership shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

18.2.1 Franchisee shall furnish the Company with its partnership agreement as well as such other documents as the Company may reasonably request, and any amendments thereto, which shall contain a restriction on transfer of any partnership interest without the prior written consent of the Company.

18.2.2 Franchisee shall prepare and furnish to the Company, upon request, a list of all general and limited partners in Franchisee.

18.3 Limited Liability Company Franchisee. A Franchisee which is a limited liability company shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

18.3.1 Franchisee shall furnish the Company with its operating agreement and other governing documents and any amendments thereto. The Company shall maintain the right to review other of Franchisee’s limited liability company documents from time to time as it, in its sole discretion, deems advisable including all documents the Company may reasonably request, and any amendments thereto.

18.3.2 Franchisee shall be a newly organized limited liability company, and shall at all times confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Rita’s Shop contemplated hereunder.

18.3.3 Franchisee shall maintain a current list of all members and managers of record and shall furnish the list to the Company upon request.

18.4 Franchisee represents and warrants that, as of the Effective Date, the list of owners and their respective ownership interests described in the Data Sheet attached hereto is complete and accurate.

18.5 As a condition of the effectiveness of this Agreement, all owners with any interest in Franchisee and their spouses shall execute the Guarantee, Indemnification and Acknowledgment attached as Exhibit A hereto.

19. TAXES, PERMITS AND INDEBTEDNESS

19.1 Prompt Payment. Franchisee shall: (i) promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and (ii) pay in accordance with normal business practice all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business under this Agreement. Franchisee shall pay the Company an amount equal to any sales tax, a pro rata share of any state income tax imposed on the Company by the state in which the Franchised Business is located allocated among all franchisees under the System in such state, or similar tax imposed on the Company with respect to any payments to the Company required under this Agreement, unless the Company uses the tax as a credit against any tax based on or measured by net or gross income otherwise payable by the Company.

19.2 In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any material improvements thereon.

19.3 Franchisee shall comply in all material respects with all federal, state, and local laws, rules, and regulations (including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Rita's Shop), and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, health certificates, permits, fictitious name registrations, sales tax permits, and fire clearances.

19.4 Franchisee shall immediately notify the Company in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

20.1 No Agency. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, 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.

20.2 Independent Contractor. During the term of this Agreement and any extensions thereof, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from the Company. Franchisee agrees to take such action as may be reasonably requested by the Company to do so, including, without limitation, exhibiting

a notice of that fact in a conspicuous place in the Rita's Shop, the content of which the Company reserves the right to specify.

20.3 Indemnification. It is understood and agreed that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on the Company's behalf, or to incur any debt or other obligation in the Company's name; and that the Company shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall the Company be liable by reason of any act or omission of Franchisee in its conduct of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or the Company. Franchisee shall indemnify and hold the Company, its affiliates and their respective officers, directors and employees harmless against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchised Business, as well as the costs, including attorneys' fees, of defending against them.

21. APPROVALS AND WAIVERS

21.1 Approval and Consent. Whenever this Agreement requires the prior approval or consent of the Company, Franchisee shall make a timely written request to the Company thereto, and such approval or consent must be obtained in writing.

21.2 No Warranties or Guarantees. The Company makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request thereto.

21.3 No Waiver. No failure of the Company to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of the Company's right to demand exact compliance with any of the terms herein. Waiver by the Company of any particular default by Franchisee shall not affect or impair the Company's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of the Company to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof, affect or impair the Company's right to exercise the same, nor shall such constitute a waiver by the Company of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by the Company of any payments due to it hereunder shall not be deemed to be a waiver by the Company of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered or certified mail return receipt requested, overnight carrier, e-mail facsimile or by other means which affords the sender evidence of delivery, to the respective parties at the following addresses unless and until a different address

has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery shall be deemed to have been given at the date and time of receipt, or if delivery is refused, at the time and date of attempted delivery.

Notices to the Company:

RITA'S WATER ICE FRANCHISE
COMPANY, LLC
1210 Northbrook Drive, Suite 310
TREVOSÉ, PA 19053
ATTN: JONATHAN FORNACI, PRESIDENT
AND CEO
(800) 677-7482
Notice@ritascorp.com

Notices to Franchisee:

Fax No. _____

23. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the attachments hereto, if any, constitute the entire, full, and complete agreement between the Company and Franchisee concerning the subject matter hereof and supersede any and all prior agreements. Internal policies of the Company shall not be part of this Agreement. Except for the covenants set forth in Section 17 hereof, no amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing. Nothing in this Agreement or any related agreement between Franchisee and the Company is intended to disclaim the representations made by the Company in its Franchise Disclosure Document.

24. SEVERABILITY AND CONSTRUCTION

24.1 Severability. Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

24.2 No Rights or Remedies Conferred Upon Other Parties. 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 the Company or Franchisee and such of their respective successors and assigns as may be contemplated by Section 7 hereof, any rights or remedies under or by reason of this Agreement.

24.3 Promises and Covenants. Franchisee expressly agrees to be bound by any promise or covenants 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 the Company is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

24.4 Captions and Headings. 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.

24.5 Survival. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

25. APPLICABLE LAW; DISPUTE RESOLUTION

25.1 Applicable Law. This Agreement takes effect upon its acceptance and execution by the Company, and shall be interpreted and construed under the laws of the Commonwealth of Pennsylvania, which laws shall prevail in the event of any conflict of law.

25.2 Jurisdiction and Venue. Except as otherwise set forth herein, all disputes between the parties shall be brought in, and the parties expressly agree to the jurisdiction and venue of, any court of general jurisdiction in Philadelphia County, Pennsylvania the United States District Court for the Eastern District of Pennsylvania. All appeals from or relating to any arbitration which may be had in accordance with this Section 25 shall be heard before a federal court in that district.

25.3 Mediation. At the Company's sole discretion, any disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, shall first be submitted for mediation administered by the American Arbitration Association ("AAA") in accordance with its Commercial Mediation Procedures before resorting to arbitration, litigation, or some other dispute resolution procedure. If submitted to mediation, the same shall take place before a sole mediator in Philadelphia, Pennsylvania at the office of the AAA located in Philadelphia, Pennsylvania. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between the Company and Franchisee.

25.4 Arbitration. At the Company's sole discretion, disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, will be submitted to arbitration at the office of the AAA located in Philadelphia, Pennsylvania in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the AAA. Any disputes to be resolved by arbitration shall be governed by the Federal Arbitration Act, as amended.

25.4.1 The following shall supplement and, in the event of a conflict, shall govern any dispute submitted to arbitration. The parties shall select one arbitrator from the panel provided by the AAA and the arbitrator shall use the laws of Pennsylvania for interpretation of this Agreement. In selecting the arbitrator from the list provided by the AAA, the Company and Franchisee shall make the selection by the striking method. The arbitrator shall be a member of the Pennsylvania bar. The parties may conduct one discovery deposition of the opposing party and no other discovery depositions unless the arbitrator believes it is necessary. Each party shall be entitled to file a motion to dismiss, a motion for summary judgment and a motion in limine and to propound up to ten interrogatories and a request for production of documents. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The arbitrator's award shall include interest from the date of any damages incurred, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator, but in no event less than 1.5% per month, or part of a month, from the date until paid. The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator's fee, attorneys' fees, interest, and costs of investigation. The arbitration hearings shall be completed within 150 days of the filing of the arbitration demand.

25.4.2 The arbitrator shall have no authority to amend or modify the terms of the Agreement. The Company and Franchisee further agree that, unless such a limitation is prohibited by applicable law, neither the Company nor Franchisee shall be liable for punitive or exemplary damages, and the arbitrator shall have no authority to award the same. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the Company and Franchisee. Judgment upon the award of the arbitrator shall be submitted for confirmation to the United States District for the Eastern District of Pennsylvania or the Philadelphia Court of Common Pleas, and, if confirmed, may be subsequently entered in any court having competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

25.5 Limitation. Any and all claims that Franchisee may have relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, against the Company, its affiliates, officers, directors, and employees shall be made by filing a claim hereunder within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim. Failure by Franchisee to file a claim within one (1) year will result in the loss and waiver forever of such claim.

25.6 Injunctive Relief. Nothing contained in this Agreement shall prevent the Company from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect the Company's interests.

25.7 The Company's Costs and Expenses. Except as expressly provided by Sections 25.2 hereof, Franchisee shall pay all expenses, including attorneys' fees and costs, incurred by the Company, its affiliates, and its successors and assigns (a) to remedy any of Franchisee's defaults of, or enforce any of the Company's rights under, this Agreement; (b) to effect termination of this Agreement; and (c) to collect any amounts due under this Agreement.

25.8 Rights and Remedies Not Exclusive. No right or remedy conferred upon or reserved to the Company 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.

25.9 Best Efforts. The parties hereto agree to use their best efforts to fulfill the terms of this Agreement. In connection therewith, Franchisee agrees to execute all documents necessary to fulfill the terms of this Agreement and hereby appoints the Company as its attorney in fact to do so in the event that Franchisee fails to do so after reasonable request from the Company.

25.10 WAIVER OF RIGHTS. THE COMPANY AND FRANCHISEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE AS FOLLOWS:

25.10.1 THE COMPANY AND FRANCHISEE BOTH EXPRESSLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY; AND

25.10.2 THE COMPANY AND FRANCHISEE BOTH EXPRESSLY WAIVE ANY CLAIM FOR PUNITIVE, MULTIPLE, AND/OR EXEMPLARY DAMAGES, except that THE COMPANY shall be free at any time hereunder to bring an action for willful trademark infringement and, if successful, to receive an award of multiple damages as provided by law.

25.10.3 THE FRANCHISEE WILL NOT BE ABLE TO BRING A CLASS ACTION OR OTHER REPRESENTATIVE ACTION IN COURT NOR WILL FRANCHISEE BE ABLE TO BRING ANY CLAIM IN ARBITRATION AS A CLASS ACTION OR OTHER REPRESENTATIVE ACTION. FRANCHISEE WILL NOT BE ABLE TO BE PART OF ANY CLASS ACTION OR OTHER REPRESENTATIVE ACTION BROUGHT BY ANYONE ELSE, OR BE REPRESENTED IN A CLASS ACTION OR OTHER REPRESENTATIVE ACTION.

26. ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTIES

26.1 Independent Investigation. Franchisee acknowledges that it has conducted an independent investigation of the business contemplated hereunder, 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 businessman, or if Franchisee is a corporation, partnership or limited liability company, its owners as independent businessmen. The Company expressly disclaims the making of, and Franchisee expressly disclaims receiving any warranty, representation or guarantee, express or implied, not contained expressly in this Agreement including, without limitation, as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement. Franchisee also expressly disclaims relying upon any such warranty, representation or guarantee in connection with Franchisee's independent investigation of the business contemplated hereunder.

26.2 Receipt of Agreement. Franchisee acknowledges that it received the Company's current Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it received a

completed copy of this Agreement, and all related agreements attached to the Franchise Disclosure Document, with any changes to such agreements unilaterally and materially made by the Company at least seven (7) calendar days prior to the date on which this Agreement and all related agreements were executed.

26.3 Opportunity to Consult with Advisors. Franchisee acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto; and, that the Company has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

26.4 Compliance With Anti-Terrorism Laws. Franchisee acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the “Executive Order”), the Company is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order. Accordingly, Franchisee represents and warrants to the Company that as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee is designated under the Executive Order as a person with whom business may not be transacted by the Company, and that Franchisee (a) does not, and hereafter shall not, engage in any terrorist activity; (b) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (c) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed, and delivered this Agreement on the day and year first above written.

WITNESS:

FRANCHISEE

Name: _____

WITNESS:

Name: _____

ATTEST:

**RITA’S WATER ICE FRANCHISE
COMPANY, LLC**

By: _____

**EXHIBIT A TO
RITA’S WATER ICE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT**

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT

As an inducement to Rita’s Water Ice Franchise Company, LLC (“the Company”) to execute the Franchise Agreement between the Company and _____ (“Franchisee”) dated _____, 20____ (the “Agreement”), the undersigned _____ (“Guarantor(s)”), jointly and severally, hereby unconditionally guarantee to the Company and its successors and assigns that all of Franchisee’s obligations under the Agreement will be punctually paid and performed.

Upon demand by the Company, the undersigned will immediately make each payment required of Franchisee under the Agreement. The undersigned hereby waive any right to require the Company to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the undersigned under this Guarantee, the Company may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby agree to defend, indemnify, and hold the Company harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys’ fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the Franchisee’s confidentiality provisions and non-competition covenants contained in Sections 10 and 17 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect. In the event of a transfer of any interest of a guarantor in the Franchisee, such guarantor shall not be released from its obligations under this Guarantee.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 25 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the Commonwealth of Pennsylvania which laws shall prevail in the event of any conflict of law. The other dispute resolution provisions of Section 25 of the Agreement shall apply to this Guarantee.

Any and all notices required or permitted under this Agreement shall be in writing, and shall be delivered by any means which affords the sender evidence of delivery or of attempted delivery, 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 the Company:

RITA'S WATER ICE FRANCHISE
COMPANY, LLC
1210 Northbrook Drive, Suite 310
TREVOSSE, PA 19053
ATTN: JONATHAN FORNACI,
PRESIDENT AND CEO
(800) 677-7482
Notice@ritascorp.com

Notices to Guarantors:

Notice shall be deemed to have been given at the date and time of delivery or of attempted delivery.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

WITNESS:

GUARANTORS:

WITNESS:

WITNESS:

**EXHIBIT B TO
RITA’S WATER ICE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT**

DATA SHEET (Part 1)

(To be completed by the Effective Date)

- A. The Company: Rita’s Water Ice Franchise Company, LLC
- B. The Company’s Address: 1210 Northbrook Drive, Suite 310,
Trevose, Pennsylvania 19053
- C. Franchisee: _____
Address: _____

- D. Initial Franchise Fee: _____
- E.. Transfer Fee: Fifty percent of then-current Initial Franchise Fee
(less for transfer of non-controlling interest in Franchisee)
- F.. Renewal Fee: Fifty percent of then-current Initial Franchise Fee
- G. Initial Term:
1. Commencing: Effective Date (See p. 1)
2. Expiring: On the tenth (10th) anniversary of the
Commencement of Operation (see Data Sheet, Part
3) or in the event none is specified then the tenth
(10th) anniversary of the Effective Date.
- H. Franchisee represents and warrants that, as of the Effective Date, the following is a complete and accurate summary of the ownership interests of all of the owners of the Franchisee:

Owner’s Name	Ownership Interest

WITNESS:

FRANCHISEE

(Name)

(Name)

(Name)

ATTEST:

**RITA'S WATER ICE FRANCHISE
COMPANY, LLC**

BY: _____

TITLE: _____

DATA SHEET (Part 2)
(To be completed on opening of Rita's Shop)

A. Franchisee's Approved Location _____

B. Franchisee's Territory: _____

WITNESS:

FRANCHISEE

(Name)

(Name)

ATTEST:

**RITA'S WATER ICE FRANCHISE
COMPANY, LLC**

BY: _____

TITLE: _____

**EXHIBIT B TO
RITA'S WATER ICE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT**

DATA SHEET (PART 3)

(To be completed on opening of Rita's Shop)

I acknowledge that the Rita's Shop described below opened for business on the date indicated below:

Shop Address: _____

Date of Commencement of Operation: _____

WITNESS:

FRANCHISEE:

Name: _____

WITNESS:

Name: _____

**EXHIBIT C-1 TO
RITA'S WATER ICE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT**

SITE SELECTION ADDENDUM

RITA'S WATER ICE FRANCHISE COMPANY, LLC (hereinafter the "Company") and

(hereinafter "Franchisee"), have this date, _____, 20 ____, entered into a certain Rita's Water Ice Franchise Company, LLC Franchise Agreement ("Franchise Agreement") and desire to supplement its terms, as set out below. The parties hereto therefore agree as follows:

1. Within six (6) months after the execution of this Site Selection Addendum and the Franchise Agreement, Franchisee shall obtain premises, at Franchisee's expense, for the Rita's Shop ("Rita's Shop") franchised under the Franchise Agreement, which premises shall be approved by the Company as hereinafter provided. The premises shall be within the following Search Area ("Site Selection Area"):

(City /Area name, State) Search Area
Specifically indicated as the outlined area on the attached Illustrative Map
See Exhibit C – 1 (Map)
**(Except those areas that may fall within the protected territory
of any other Rita's Shop.)**

Franchisee acknowledges and agrees that the Franchisee's Territory described in Section 1.3 of the Franchise Agreement will not be the same as the Site Selection Area and the Franchisee's Territory may be significantly smaller than the Site Selection Area. The Company may establish, and franchise another to establish, a Rita's Shop within the Site Selection Area at any time, subject to Section 1.3 of the Franchise Agreement.

2. Failure by Franchisee to obtain premises for the Rita's Shop within the time required in Paragraph 1 hereof shall constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

3. In order to request approval of a site for the Rita's Shop in the Site Selection Area, prior to obtaining any premises, Franchisee shall submit to the Company, in the form specified by the Company, a description of the proposed site and such information or materials as the Company may reasonably require and a letter of intent or other evidence satisfactory to the Company which confirms Franchisee's favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee agrees that Franchisee must submit such information and materials for Franchisee's proposed site to the Company for its approval within three (3) months after execution of this Site Selection Addendum. The Company shall have thirty (30) days after receipt of such information and materials from Franchisee to approve or disapprove, in its sole discretion, the site as a location for the Franchised Business. In the event

the Company does not approve a proposed site by written notice to Franchisee within such thirty (30) days, such site shall be deemed disapproved by the Company. The Company may present sites to Franchisee which are available and meet the minimum acceptable criteria established by the Company, but Franchisee shall have no obligation to accept any such sites. Franchisee acknowledges that Franchisee, and not the Company, has the duty and obligation to obtain an approved site for the Rita's Shop.

4. The Company shall furnish to Franchisee the following:
 - a. Such site selection guidelines and consultation as the Company may deem advisable; and
 - b. Such on-site evaluation as the Company may deem advisable as part of its evaluation of Franchisee's requests for site approval; provided, however, that the Company shall not provide on-site evaluation for any proposed site prior to the Company's receipt of the information or materials required by Paragraph 3 hereof. If on-site evaluation is deemed necessary and appropriate by the Company, the Company shall conduct one (1) on-site evaluation at the Company's cost; for each additional on-site evaluation (if any) the Company may require, in its sole discretion, that Franchisee reimburse the Company for the Company's reasonable expenses, including, without limitation, the costs of travel, lodging, and food.

5. If Franchisee will occupy the premises at which the Rita's Shop is operated under a lease, Franchisee, shall, prior to the execution thereof, (1) execute the Conditional Assignment of Lease and obtain the Lessor's execution of the Consent and Agreement of Lessor, in the form attached as Exhibit D to the Franchise Agreement and (2) submit such lease to the Company for its written approval. The Company's approval of the lease may be conditioned upon the inclusion in the lease of such provisions as the Company may reasonably require, including, without limitation:

- a. Providing for notice to the Company of, and the Company's right to cure, any default by Franchisee under said lease;
- b. Providing for Franchisee's right upon termination or expiration of this Agreement to assign to the Company, at the Company's option, Franchisee's interest under said lease without the lessor's consent; and
- c. Authorizing the lessor to disclose to the Company all sales information that has been provided to lessor by Franchisee.

6. After the location for the Franchised Business has been approved in writing by the Company and obtained by Franchisee pursuant to Paragraph 3 hereof, the location shall constitute the Approved Location referred to in Section 1 of the Franchise Agreement and the exact street address of the then Approved Location and Franchisee's Territory shall be inserted on the Data Sheet.

7. Franchisee agrees that it will not execute a lease for the Rita's Shop premises which the Company has, for any reason, disapproved. Franchisee shall furnish the Company

with a copy of any executed lease or purchase agreement for the premises of the Rita's Shop within ten (10) days after execution thereof.

8. Franchisee hereby acknowledges and agrees that the Company's review of the site information and lease (if any), presentation of a site to Franchisee, and/or approval does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Rita's Shop or any of lease terms or for any other purpose, or of its compliance with any federal, state or local laws, codes or regulations, including, without limitation, the applicable provisions of the Americans with Disabilities Act regarding the construction, design and operation of the Rita's Shop. The Company's presentation and/or approval of the site and/or lease (if any) indicates only that the Company believes the site and lease complies with acceptable minimum criteria established by the Company solely for its purposes as of the time of the evaluation. Both Franchisee and the Company acknowledge that application of criteria that have been effective with respect to other sites and premises under the System may not be predictive of potential for all sites and leases and that, subsequent to the Company's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from the Company's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond the Company's control. The Company shall not be responsible for the failure of a site or lease presented or approved by the Company to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Rita's Shop at the site or lease is based on its own independent investigation of the suitability of the site or the lease.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

WITNESS:

FRANCHISEE

Name: _____

WITNESS:

Name: _____

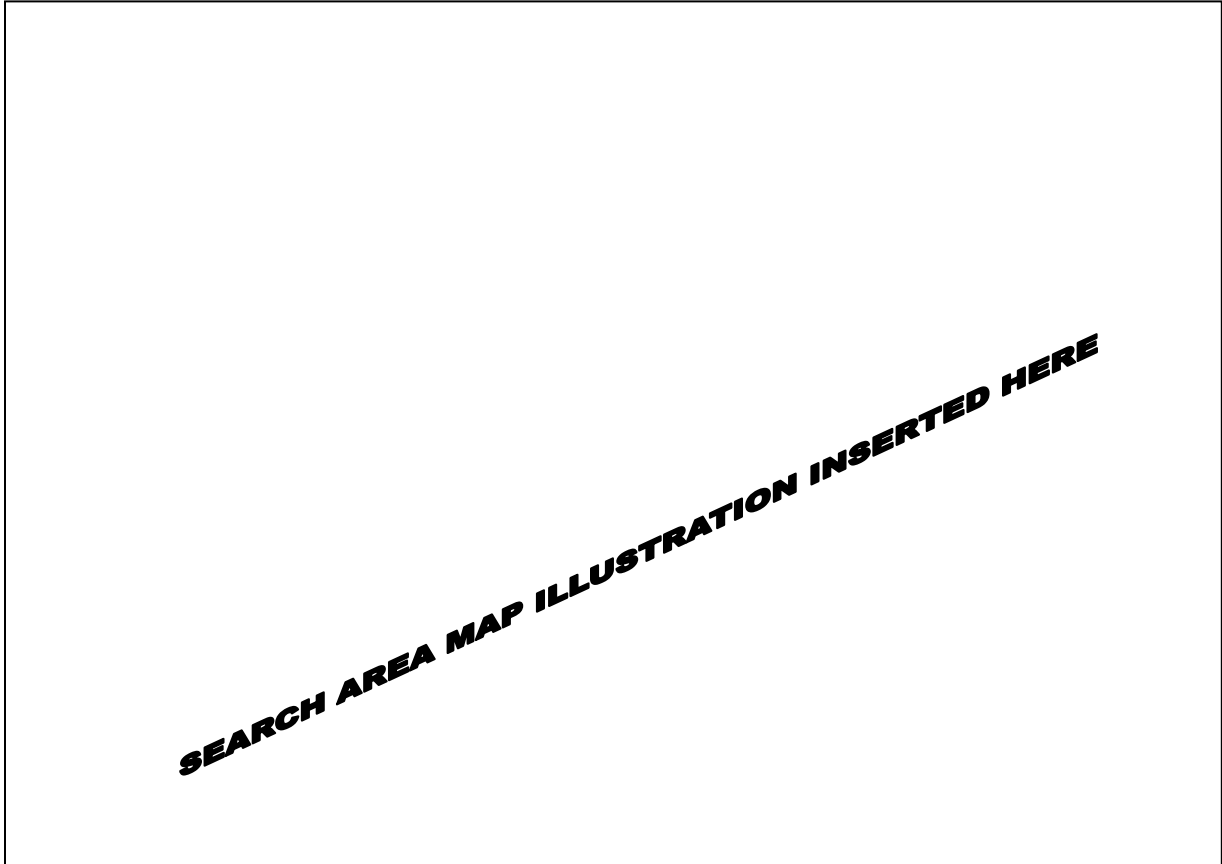
ATTEST:

RITA'S WATER ICE FRANCHISE
COMPANY, LLC

By: _____

Title: _____

EXHIBIT C-1 MAP



The Search Area on the above map is NOT your Protected Territory.

Franchisee acknowledges that the Search Area, “Site Selection Area” above & described in Exhibit C-1 is the area in which the Franchisee shall choose their Rita’s Shop location.

A Protected Territory, “Designation of Territory” (DOT) will be described as an amendment to this Franchise Agreement once your store opens.

WITNESS:

FRANCHISEE:

(Name)

ATTEST:

**RITA’S WATER ICE FRANCHISE
COMPANY, LLC**

Jonathan Fornaci,
President and CEO

**EXHIBIT C-2 TO
RITA'S WATER ICE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT**

SITE SELECTION ADDENDUM FOR SHOPPING MALL LOCATIONS

RITA'S WATER ICE FRANCHISE COMPANY, LLC (hereinafter the "Company") and

(hereinafter "Franchisee"), have this date, _____, 20 ____, entered into a certain Rita's Water Ice Franchise Company, LLC Franchise Agreement ("Franchise Agreement") and desire to supplement its terms, as set out below. The parties hereto therefore agree as follows:

1. Within six (6) months after the execution of this Site Selection Addendum and the Franchise Agreement, Franchisee shall execute a lease or sublease for premises in a shopping mall, at Franchisee's expense, for the Rita's Shop ("Rita's Shop") franchised under the Franchise Agreement, which premises shall be agreed upon or located by the Company as hereinafter provided. The premises shall be within a shopping mall in the following area ("Site Selection Area"):

2. The Company will use commercially reasonable best efforts to locate at least one potential site within the Site Selection Area for the Rita's Shop and to enter into lease negotiations with the owner of such site on behalf of, or along with, Franchisee, within the time required in Paragraph 1 hereof. Franchisee shall participate in such lease negotiations in such manner as the Lessor and/or the Company reasonably require.

3. Prior to the execution of any lease for premises of the Rita's Shop, Franchisee shall (1) execute the Conditional Assignment of Lease and obtain the Lessor's execution of the Consent and Agreement of Lessor, in the form attached as Exhibit D to the Franchise Agreement and (2) obtain the Company's prior written approval. The Company's approval of the lease may be conditioned upon the inclusion in the lease of such provisions as the Company may reasonably require, including, without limitation:

a. Providing for notice to the Company of, and the Company's right to cure, any default by Franchisee under said lease;

b. Providing for Franchisee's right upon termination or expiration of this Agreement to assign to the Company, at the Company's option, Franchisee's interest under said lease without the lessor's consent; and

c. Authorizing the lessor to disclose to the Company all sales information that has been provided to lessor by Franchisee.

4. After the location has been obtained by Franchisee pursuant to Paragraph 3 hereof, the location shall constitute the Approved Location referred to in Section 1 of the

Franchise Agreement and the exact street address of the then Approved Location and Franchisee's Territory (if any) shall be inserted on the Data Sheet.

5. Franchisee acknowledges and agrees that: (a) the Site Selection Area is non-exclusive, and the Company may establish, and franchise another to establish, a Rita's Shop within the Site Selection Area, in a shopping mall or other location, at any time, subject to Section 1.3 of the Franchise Agreement; (b) the Company has the right, in its sole discretion, to determine whether to grant Franchisee or another franchisee the right to establish and operate a Rita's Shop in a particular shopping mall within the Site Selection Area; (c) the Franchisee's Territory described in Section 1.3 of the Franchise Agreement will not be the same as the Site Selection Area, and the Company may grant Franchisee no Franchisee's Territory; and (d) it is ultimately Franchisee's decision, and not the Company's, as to whether Franchisee executes any lease for the premises of the Rita's Shop.

6. Failure by Franchisee to execute a lease for premises for the Rita's Shop within the time required in Paragraph 1 hereof shall constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

7. Franchisee agrees that it will not execute a lease for the Rita's Shop premises which the Company has, for any reason, disapproved. Franchisee shall furnish the Company with a copy of the executed lease agreement for the premises of the Rita's Shop within ten (10) days after execution thereof.

8. Franchisee hereby acknowledges and agrees that the Company's presentation of a site to Franchisee and/or assistance in negotiating the lease does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Rita's Shop or any of lease terms or for any other purpose, or of its compliance with any federal, state or local laws, codes or regulations, including, without limitation, the applicable provisions of the Americans with Disabilities Act regarding the construction, design and operation of the Rita's Shop. The Company's presentation of the site and/or approval of the lease indicates only that the Company believes the site complies with acceptable minimum criteria established by the Company solely for its purposes as of the time of the evaluation. Both Franchisee and the Company acknowledge that application of criteria that have been effective with respect to other sites and premises under the System may not be predictive of potential for all sites and leases and that, subsequent to the Company's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from the Company's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond the Company's control. The Company shall not be responsible for the failure of a site or lease presented or approved by the Company to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Rita's Shop at the site or lease is based on its own independent investigation of the suitability of the site or the lease.

9. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and the terms of this Site Selection Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this

Site Selection 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 on the day and year first above written.

WITNESS:

FRANCHISEE

Name: _____

WITNESS:

Name: _____

ATTEST:

**RITA'S WATER ICE FRANCHISE
COMPANY, LLC**

By: _____

By: _____

Title: _____

**EXHIBIT D TO
RITA’S WATER ICE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT**

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease entered into by and between Lessor and _____, a franchisee in the Rita’s Water Ice System hereby:

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

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the defaults, if any, of Assignor under the Lease;

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant’s obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

DATED: _____

LESSOR:

**EXHIBIT D TO
RITA’S WATER ICE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT**

CONDITIONAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (“Assignor”) hereby assigns and transfers to Rita’s Water Ice Franchise Company, LLC, a Delaware limited liability company (“Assignee”), all of Assignor’s right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the “Lease”) respecting premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

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

Upon a default by Assignor under the Lease or under the franchise agreement for a Rita’s shop between Assignee and Assignor (the “Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

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

WITNESS:

ASSIGNOR:

WITNESS:

ASSIGNOR:

**EXHIBIT E TO
RITA'S WATER ICE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT**

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained, salaried employees of Franchisee)

In consideration of my being a _____ of _____ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. _____, doing business as _____ (the "Franchisee"), has acquired the right and franchise from Rita's Water Ice Franchise Company, LLC (the "Company") to establish and operate a Rita's shop (the "Rita's Shop" or "Franchised Business") and the right to use in the operation of the Rita's Shop the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Rita's shops (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: _____ (the "Approved Location").

2. The Company has developed, and may hereafter develop, unique formulas and methods for preparing Italian ice, and offers and sells, to the public, frozen custard and other food products pursuant to unique and original formulas, trade secrets, quality standards, and specifications prepared from proprietary and/or approved mixes at Rita's shops (collectively, the "Proprietary Products"). The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary and/or approved mixes, ingredients, formulae, recipes and methods of preparation of certain food products, and methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As _____ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, Rita's Systems Manuals (the "Manuals") and other general assistance during the term of this Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a) is the same as, or substantially similar to, a Rita's shop; (b) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the Proprietary Products; or (c) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by a Rita's shop where the sale of such products constitutes or is intended to constitute five percent (5%) or more of the gross sales of the business operated or intended to be operated; and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a)(i) is the same as, or substantially similar to, a Rita's shop; (ii) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the Proprietary Products including, but not limited to, Italian ice, soft serve ice cream, custard, ice cream, frozen yogurt or other frozen confections; or (iii) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by a Rita's shop where the sale of such products constitutes or is intended to constitute five percent (5%) or more of the gross sales of the business operated or intended to be operated; and (b) is, or is intended to be, located at or within:

7.1 Three (3) miles of Franchisee's Rita's Shop ("Franchisee's Territory");

7.2 Three (3) miles of Franchisee's Area; or

7.3 Three (3) miles of any Rita's shop operating under the System and the Proprietary Marks.

7.4 Three (3) miles of any former Rita's shop that closed less than two (2) years prior to the expiration or termination of this Agreement.

The prohibitions in this Section 7 do not apply to my interests in or activities performed in connection with a Rita's shop. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly-held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature: _____

Name: _____

Address: _____

Title: _____

ACKNOWLEDGED BY FRANCHISEE

By: _____

Name: _____

Title: _____

**EXHIBIT F TO
RITA'S WATER ICE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT**

MOBILE SATELLITE UNIT ADDENDUM

**EXHIBIT G TO
RITA'S WATER ICE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT**

FIXED LOCATION SATELLITE UNIT AGREEMENT

**EXHIBIT H TO
RITA'S WATER ICE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT**

FIXED LOCATION SATELLITE UNIT

DEVELOPMENT SEARCH AREA AND DEVELOPMENT SCHEDULE

1. Each Satellite Unit developed under this Agreement shall be located in the following Search Area:

(City /Area name, State) Search Area

2. Recognizing that time is of the essence, Franchisee agrees to satisfy the development schedule set forth below:

Satellite Unit number	Satellite Unit Agreement to be executed on	Open and Operating on or before	Initial Satellite Unit Fee due under each Satellite Unit Agreement
1		Within Twelve (12) months of execution of the standard Shop Franchise Agreement.	
2		Within Fifteen (15) months of execution of the standard Shop Franchise Agreement.	
3		Within Eighteen (18) months of execution of the standard Shop Franchise Agreement.	

Franchisee may be required to execute a Satellite Unit Agreement for a Satellite Unit even though the previous Satellite Unit has not yet opened or commenced operations.

**EXHIBIT G TO
FRANCHISE DISCLOSURE DOCUMENT**

**SBA ADDENDUM
TO
FRANCHISE AGREEMENT**

THIS ADDENDUM (Addendum) is made and entered into on _____, 20____, by Rita's Water Ice Franchise Company, LLC, located at 1210 Northbrook Drive, Suite 310, Trevese, PA 19053 (Franchisor), and _____, located at _____ (Franchisee).

Recitals. Franchisor and Franchisee entered into a Franchise (or License) Agreement on _____, 20 __, (Franchise Agreement). The Franchisee agreed among other things to operate and maintain a franchise located at _____ designated by Franchisor as Unit # _____ (Unit). Franchisee has obtained from a lender a loan (Loan) in which funding is provided with the assistance of the United States Small Business Administration (SBA). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

- Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.
- Sections 14.2, 14.3.1.11 and 14.6 of the Franchise Agreement provide that the Franchisor (or any Third Party Assignee of the Franchisor) may elect pursuant to its Right of First Refusal to exercise said option when the franchisee decides to sell partial interest(s) in the business. This section is hereby amended to reflect that neither Franchisor (nor any Third Party Assignee of the Franchisor) will exercise the option for any partial sale of the franchisee's business. The Franchisor (Third Party Assignee of the Franchisor) may not become a partial owner of any SBA financed franchises.
- If the Franchise Agreement is terminated and the Franchised Site or its contents are to be sold under Section 16.8 and 16.9 of the Franchise Agreement and the parties are unable to agree as to a purchase price and terms, the fair market value of such premises and property shall be determined by three Appraisers chosen in the following manner. Franchisee shall select one and Franchisor shall select one, and the two appraisers so chosen shall select a third appraiser. The decision of the majority of the appraisers so chosen shall be conclusive. The cost of the third appraiser shall be shared equally by the parties.
- Section 14.6 is amended so that the franchisee is given the right to decide, or the option, in its sole discretion, to sell its real estate to the franchisor or any of its affiliates, as the case may be, upon termination or expiration of the franchise agreement. The franchisor may have the option to lease for the remainder of the franchisee's term (excluding additional renewals) for fair market value.

- Notwithstanding anything to the contrary in Section 7.3.9 and 12 of the franchise agreement, the franchisee shall have the discretion to set pricing for its products and services provided that, subject to applicable antitrust laws, such pricing: (1) is at or below any maximum price by the franchisor; or (2) is at or above any minimum price by the franchisor; or (3) conforms to any bona fide promotional programs or national or regional accounts programs established from time to time by the franchisor. When setting minimum/maximum or promotional pricing, franchisor will establish prices that are necessary or appropriate in its reasonable judgment for units to compete effectively on a promotional or other basis in the markets in which the particular pricing requirements apply. If franchisor does so, it will be imposed on all franchisees, including its company-owned locations.
- This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the Loan.

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

FRANCHISOR:

Rita's Water Ice Franchise Company, LLC

FRANCHISEE:

By: _____

By: _____

Print Name _____

Print Name: _____

Title: _____

Title _____

**EXHIBIT G-1 TO
FRANCHISE DISCLOSURE DOCUMENT**

**RITA'S WATER ICE
MOBILE SATELLITE UNIT ADDENDUM**

**MOBILE SATELLITE UNIT ADDENDUM
TO RITA'S WATER ICE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT**

This Mobile Satellite Unit Addendum (the "Mobile Satellite Addendum") is made and entered into on _____, 20__ by and between Rita's Water Ice Franchise Company, LLC (the "Company") and _____ ("Franchisee").

WITNESSETH

WHEREAS, the Company and Franchisee have entered into a franchise agreement (the "Agreement") dated _____ for the establishment and operation of a Rita's shop in a building (the "Shop") located at _____;

WHEREAS, the Company has developed a number of special, freestanding mobile unit types, whether in the form of carts, trailers, trucks or some other form of mobile unit types, decorated to meet the Company's specifications and identity standards (including the use of the Proprietary Marks) and design, and which features a limited, approved menu utilizing the Company's formulas and methods for preparing Italian ice and other approved food products pursuant to unique and original formulas, trade secrets, quality standards and specifications (the "Mobile Satellite"); and

WHEREAS, Franchisee desires to operate a Mobile Satellite under the Company's System and Proprietary Marks and the Company is willing to permit such operation pursuant to the terms and conditions set forth in the Agreement and in this Mobile Satellite Addendum.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. References in the Agreement. Unless otherwise set forth in this Mobile Satellite Addendum, whenever reference is made in the Agreement or Manual to:

1.1 the business franchised thereunder (including, but not limited to, the terms "Franchised Business" or "Rita's Shop"), the same shall be deemed also to refer to the Mobile Satellite that Franchisee is licensed to operate under this Mobile Satellite Unit Addendum; and

1.2 the premises of the Rita's Shop or the Franchised Business, such reference shall also include the Mobile Satellite, the areas surrounding the Mobile Satellite, and any storage area that Franchisee uses in connection with operation of the Mobile Satellite.

2. Grant of Right to Operate Mobile Satellite. The Company hereby grants Franchisee, upon the express terms and conditions contained herein, the right and license to operate up to three (3) Mobile Satellites under the Proprietary Marks and System. The Mobile Satellites may consist of either small carts, larger trailer or truck type Mobile Satellites. In all events, the Company must approve the plans and design of each Mobile Satellite and the Company must approve in advance of the supplier and manufacturer of each Mobile Satellite.

3. Term. Except as otherwise provided herein, this Mobile Satellite Unit Addendum shall commence upon its acceptance and execution by the Company and shall expire, in all circumstances, upon termination of the Agreement. At the Company's option and in its sole discretion, Franchisee may renew the

Mobile Satellite Unit Addendum, for the Term of the Agreement, however long the Term is in effect, provided that Franchisee has at all times met and continues to meet the Company's criteria for operating a Mobile Satellite and executes the Company's then-current form of Mobile Satellite Unit Addendum, which may contain materially different terms and conditions (including, without limitation, fees) from this Mobile Satellite Unit Addendum.

4. Initial Fees and Computation of Royalty Fee. In consideration of the rights and license granted herein, Franchisee shall pay to the Company a non-refundable mobile satellite unit fee of Ten Thousand Dollars (\$10,000) upon execution of this Agreement (the "Mobile Satellite Unit Fee"). The Mobile Satellite Unit Fee provides for the operation of up to three (3) Mobile Satellites. The rights to open the three Mobile Satellites remain in effect for the Term of the Agreement but expire contemporaneously with the expiration of the Term of the Agreement.

4.1 For purposes of computing Franchisee's Royalty Fee under the Agreement and hereunder and as described above in Section 1.1 hereof, the term "Rita's Shop" shall include the "Mobile Satellite."

5. Commencement of Operations of Mobile Satellite Unit.

5.1 Franchisee shall purchase its first Mobile Satellite Unit upon the execution of the Addendum and commence operations of the Mobile Satellite not later than three (3) months after the execution of this Mobile Satellite Unit Addendum. Franchisee's failure to purchase a Mobile Satellite and commence operations of the Mobile Satellite within this time period shall be considered a material breach and default under this Addendum and will entitle the Company to terminate this Addendum pursuant to Section 15 hereof. In the event that Franchisee does not open the remaining Mobile Satellite Units during the Term of the Agreement, Franchisee acknowledges and agrees that Franchisee forfeits the right to open and operate the remaining Mobile Satellite Units awarded and licensed under this Addendum.

5.2 Franchisee may temporarily locate and operate its Mobile Satellite at events, venues and other proposed locations, provided that Franchisor, in its sole and absolute discretion, has approved the location and operation in writing in advance, as described in this Section 5. For each location at which Franchisee proposes to operate the Mobile Satellite, Franchisee shall electronically submit to the Company via the Company Extranet a request for approval ("Mobile Event Request") describing the proposed location ("Proposed Mobile Satellite Site") and/or event, the dates on which Franchisee intends to operate at the Proposed Mobile Satellite Site, and such other information as Franchisor may from time to time require;

5.3 If the Proposed Mobile Satellite Site is within Franchisee's Territory, Franchisee shall submit the Mobile Event Request to the Company no later than 7 days before the first day on which Franchisee proposes commencing operations at the Proposed Mobile Satellite Site.

5.4 If the Proposed Mobile Satellite Site is not within Franchisee's Territory and not within another Franchisee's Territory, Franchisee shall submit the Mobile Event Request to the Company no later than 7 days before the first day on which Franchisee proposes commencing operations at the Proposed Mobile Satellite Site. The Company may approve the Proposed Mobile Satellite Site outside of Franchisee's Territory in the Company's sole and complete discretion.

5.5 If the Proposed Mobile Satellite Site is within another franchisee's Territory, Franchisee shall obtain the written consent of that franchisee. The Mobile Event Request electronically submitted by Franchisee will be automatically sent to the franchisee whose territory the Proposed Mobile Satellite Site is

located in. The Company will not approve the Mobile Event Request without the consent of the franchisee whose territory the Proposed Mobile Satellite Site is located in. The Franchisee must also submit any agreements between Franchisee and the other franchisee regarding transportation of the Proprietary Products, sharing of profits, or any other matters relating to the Mobile Satellite no later than 14 days before the first day on which Franchisee proposes commencing operations at the Proposed Mobile Satellite Site. Company shall have the right to approve the Proposed Mobile Satellite Site in the Company's sole and complete discretion.

5.6 Franchisee shall not locate the Mobile Satellite or commence operations at any location unless it receives the Company's prior written approval. The Company shall have the right, in its sole discretion and at any time, to disapprove of and withhold its consent regarding a Proposed Mobile Satellite Site at any time.

6. Modifications to the Mobile Satellite. Franchisee shall not make any modifications to the Mobile Satellite without the Company's prior written approval.

7. Transportation of Proprietary Products to Mobile Satellite. Franchisee acknowledges and agrees that Franchisee's use of refrigerated transportation for the Proprietary Products approved by the Company, including, without limitation, Italian ice, to and from the approved Mobile Satellite locations each day that the Mobile Satellite is in operation is essential to the taste and quality of the Proprietary Products; and that Franchisee shall use transportation approved by the Company in writing or otherwise in the Manual each day that the Mobile Satellite is in operation for the transportation of the Proprietary Products, including, without limitation, Italian ice, to and from the approved location.

8. Supervision. The Mobile Satellite shall at all times be under the direct supervision of Franchisee (or if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee acceptable to the Company), or, if Franchisee or Franchisee's principal will not operate the Mobile Satellite, a manager who has been approved in advance by the Company or an employee of Franchisee approved by Franchisor or as otherwise provided in the Manual. Unless otherwise agreed to in writing by the Company, only an individual who has satisfactorily completed the Company's training program may operate the Mobile Satellite. Unless approved by the Company in writing in advance, no person under the age of 18 may operate the Mobile Satellite.

9. Menu and Items for Sale. Franchisee acknowledges and agrees that the Company may, in its sole discretion from time-to-time, in the Manual or otherwise in writing, expressly require Franchisee to cease the sale of certain menu items and products at the Mobile Satellite, including, without limitation, certain of the Proprietary Products that are otherwise approved by the Company for sale at Rita's shops. Franchisee agrees immediately to remove from sale at the Mobile Satellite and discontinue selling from the Mobile Satellite any menu item or product upon Franchisee's receipt of such notices from the Company. The Company reserves the right to require Franchisee to sell Proprietary Products and other items at the Mobile Satellite that may or may not be sold at the Shop.

10. Approved Mobile Satellite. Franchisee shall acquire the Mobile Satellite only from a supplier designated by Franchisor.

11. Permits and Insurance. Franchisee shall, at its own expense, obtain and maintain at all times the types and amounts of insurance, as described in the Manual or otherwise in writing from time to time, and the necessary permits and authorizations pertaining to the transportation, installation, operation, and maintenance of the Mobile Satellite. To the extent that the Mobile Satellite may operate in more than one state, Franchisee

agrees to comply with all state and federal laws, including but not limited to, registering the Mobile Satellite, as required by law, with state and federal authorities.

12. Adherence to Standards and Specifications. To insure that the highest degree of quality and service is maintained, Franchisee shall operate the Mobile Satellite in strict conformity with the same methods, standards, and specifications applicable to the Rita's Shop and to any and all other methods, standards, or specifications that the Company may from time to time prescribe in the Manual or otherwise in writing. Franchisee shall at all times maintain the Mobile Satellite in a clean and sanitary condition and shall take steps to preserve the appearance of the Mobile Satellite, as required by the Company in writing or in the Manual from time to time. If Franchisee does not operate the Mobile Satellite in accordance with the standards and specifications of the Company, the Company reserves the right to suspend Franchisee's Mobile Satellite operations until such operations are brought into compliance with Company standards. The Company further reserves the right to suspend Franchisee's Mobile Satellite operations if Franchisee is not in full compliance with its Rita's Shop Franchise Agreement.

13. Sale or Transfer. It is the intent of the parties that any proposed sale or transfer of the Mobile Satellite shall be deemed a sale or transfer of "substantially all of the assets of the Rita's Shop" and thus shall be subject to all the conditions and provisions of Section 14 of the Agreement (including without limitation the notice requirements for any proposed sale or transfer and Franchisor's prior written consent to any sale or transfer); provided, however, that if Franchisee proposes to transfer any Mobile Satellite in connection with any proposed transfer subject to the Agreement and the Company approves such transfer, the Company reserves the right to prohibit the transferee from operating such Mobile Satellite for a period of time between ninety (90) days and three hundred sixty-five (365) days from the date of such transfer, as the Company determines in its sole discretion.

14. In the event of any sale or transfer, the transferee shall execute the Company's then-current form of the Mobile Satellite Addendum which shall supersede this Mobile Satellite Addendum in all respects.

15. Default:

15.1 Franchisee shall be deemed to be in default and the Company may, at its option, terminate this Mobile Satellite Addendum and all rights granted hereunder without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, if Franchisee fails to comply with the terms of this Mobile Satellite Addendum, including, but not limited to, the provisions requiring the Company's approval prior to commencing operations of the Mobile Satellite, or the Agreement.

15.2 Franchisee shall be deemed to be in default and the Company may, at its option, terminate this Mobile Satellite Addendum and all rights granted hereunder without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, if Franchisee fails to comply with section 7 hereof regarding the transportation of the Proprietary Products.

15.3 Default under this Mobile Satellite Addendum shall constitute a default under the Agreement between the parties hereto.

15.4 If this Mobile Satellite Addendum is terminated for any reason the Company or its designated affiliate shall have the option, to be exercised within thirty (30) days after termination or expiration, to purchase the Mobile Satellite from Franchisee. If the parties cannot agree on the price of the Mobile Satellite within a reasonable time, an independent appraisal shall be conducted at the Company's expense, and the appraiser's determination shall be binding. If the Company or its affiliate elects to exercise

any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment thereof.

16. Acknowledgement. The Company and Franchisee hereby confirm the Agreement, as amended by this Mobile Satellite Addendum, and reaffirm their respective obligations under such Agreement; as such Agreement is amended by this Mobile Satellite Addendum. Defined terms used in this Mobile Satellite Addendum shall have the meaning given in the Agreement, unless otherwise defined herein. The parties agree that except as specifically set forth herein, the provisions of this Mobile Satellite Addendum shall be in addition to, and not in lieu of, the provisions of the Agreement.

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

WITNESS:

WITNESS:

ATTEST:

FRANCHISEE

Name: _____

Name: _____

**RITA'S WATER ICE FRANCHISE COMPANY,
LLC**

By: _____

Title: _____

**EXHIBIT G-2 TO
FRANCHISE DISCLOSURE DOCUMENT**

**RITA'S WATER ICE
FIXED LOCATION SATELLITE UNIT AGREEMENT**

RITA'S WATER ICE FRANCHISE COMPANY, LLC
SATELLITE FRANCHISE AGREEMENT



**RITA’S WATER ICE FRANCHISE COMPANY, LLC
SATELLITE FRANCHISE AGREEMENT**

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**RITA'S WATER ICE FRANCHISE COMPANY, LLC
SATELLITE FRANCHISE AGREEMENT**

This Satellite Franchise agreement ("Agreement") dated, made and entered into this _____ day of _____, 20__ ("Effective Date") by and between Rita's Water Ice Franchise Company, LLC, a Delaware limited liability company with its principal place of business at 1210 Northbrook Drive, Suite 310, Trevoese, Pennsylvania 19053 (the "Company", "Franchisor", "We" or "Us"), and _____, a _____, with its principal place of business at _____ ("Franchisee" or "You").

WITNESSETH

WHEREAS, the Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a unique and distinctive format and system (the "System") relating to the establishment and operation of Rita's shops, which feature and offer for sale to the public the Company's Italian ice and an approved limited menu of other items which may include soft pretzels and "Rita's Old Fashioned Custard" frozen custard under the trade name, "Rita's Ice-Custard-Happiness";

WHEREAS, the distinguishing characteristics of the System include, but are not limited to, design and appearance specifications, uniform standards, specifications, and procedures for operations, equipment, inventory and staffing; quality and uniformity of products and services such as Italian ice formulas, methods of preparation, specifications, and freshness standards; employee training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by the Company from time to time;

WHEREAS, the Company identifies the System by means of certain trade names, service marks, trademarks, trade dress, logos, emblems, and indicia of origin, including, but not limited to, the mark "Rita's Ice-Custard-Happiness", and such other trade names, service marks, and trademarks as are now designated and may hereinafter be designated by the Company in writing for use in connection with the System (the "Proprietary Marks");

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

WHEREAS, the Company has developed, and may hereafter develop, unique formulas and methods for preparing Italian ice, and offers and sells, to the public, frozen custard, gelati, Misto shakes and other food products pursuant to unique and original formulas, trade secrets, quality standards, and specifications prepared from proprietary and/or approved mixes at Rita's shops (collectively, the "Proprietary Products"); and

WHEREAS, the Company has developed a special, Satellite store concept, decorated to meet the Company's specifications (including the use of the Proprietary Marks) and design, and which features an approved menu utilizing the Company's formulas and methods for preparing

Italian ice and other approved food products pursuant to unique and original formulas, trade secrets, quality standards and specifications; and

WHEREAS, the Satellite store concept may include one stationary fixed location that does not require You to manufacture Rita's Italian ice at the Satellite location; and

WHEREAS, You may request and the Company may approve, at the Company's sole and complete discretion, the right to install a batch machine which would permit You to manufacture Rita's Italian ice at the Satellite location. If you install a batch machine you will be required to execute the current form franchise agreement for a standard Rita's Shop and you may be required to pay additional fees; and

WHEREAS, You have an established location from which you operate a current standard unit Rita's shop (the "Rita's Shop") and desire to open a Satellite shop; and

WHEREAS, You acknowledge and agree that You are only permitted to open a Satellite location if You have a single unit Rita's Shop in or around the same or similar geographical area of your proposed Satellite; and

WHEREAS, you are granted an exclusive Territory in connection with your Satellite location and

WHEREAS, Franchisee desires to establish a Rita's shop in a Satellite location (the "Satellite Shop") that offers the Proprietary Products sold at a Rita's shop utilizing the Company's System and Proprietary Marks and wishes to obtain a Satellite franchise from the Company for that purpose, as well as to receive the training and other assistance provided by the Company in connection therewith; and

WHEREAS, Franchisee understands the necessity of operating the business franchised hereunder in conformity with this Agreement and with the Company's standards and specifications; and Franchisee has read this Agreement and the Company's Franchise Disclosure Document; and Franchisee understands and accepts the terms, conditions and covenants herein contained as being reasonably necessary to maintain the Company's high standards of quality, cleanliness, appearance, and service.

NOW, THEREFORE, in consideration of the mutual covenants and commitments herein contained, the parties hereby agree as follows:

1. GRANT

1.1 Grant of Satellite Franchise. The Company hereby grants to Franchisee, upon the express terms and conditions herein contained, the right and franchise, and Franchisee undertakes the obligation, to establish and operate a Satellite Shop, and the right to use in the operation of the Satellite the Proprietary Marks and the System, as they may be changed, improved, and further developed from time to time in the Company's sole discretion, only at the location set forth on the data sheet which is attached as Exhibit B hereto (the "Data Sheet").

1.2 Approved Location. The exact street address of the location authorized and approved hereunder for the operation of the Rita's Satellite Shop is set forth in the Data Sheet (the "Satellite Unit Approved Location"). Franchisee shall not relocate the Rita's Satellite Shop out of the Approved Location without obtaining the prior written consent of the Company in the manner required by Section 5.5.1 hereof.

1.3 Franchisee's Territory. Except as otherwise provided in this Agreement, the Company shall not, during the term of this Agreement, establish and operate, nor license any party other than Franchisee to establish and operate, any Rita's shop, whether a standard Rita's shop or Satellite Units under the System and the Proprietary Marks within the area set forth in the Data Sheet attached as Exhibit B (the "Franchisee's Territory"); provided, however, that Franchisee acknowledges and agrees that the Company retains the rights, among others: to establish and operate, and license other parties to establish and operate, Rita's shops and Satellite units and other types of locations (including, without limitation, satellite units and kiosks) under the System and utilizing Proprietary Marks anywhere outside of the Approved Satellite Unit Location. And the Parties hereby further agree that;

1.3.1 Franchisee shall operate the Satellite only at an agreed upon location in Franchisee's Territory as defined under Franchisee's Satellite agreement, and shall not operate such Satellite or other location at a location within another franchisee's territory or within any area within which the Company has reserved its rights.

1.4 Alternate Channels of Distribution. Franchisee acknowledges and agrees that nothing contained herein shall preclude the Company, the Company's affiliates, or the Company's licensees or designees, from selling any of its Proprietary Products through such channels of distribution other than through Rita's shops as the Company, in its sole discretion, shall determine, including, but not limited to, supermarkets, convenience stores, markets, grocery stores, machines, variety stores, electronic distributions via computer networks (including, without limitation, the World Wide Web, other areas of the Internet and/or other on-line networks); catalogs; direct mail; and other communications methods now or hereafter devised of any nature whatsoever. The Company reserves the right, among others, to implement any distribution arrangements relating thereto. Franchisee understands that this Agreement grants Franchisee no rights (1) to distribute such products through such channels of distribution as described in this Section 1.4, or (2) to share in any of the proceeds received by any such party therefrom.

1.5 Rights Limited to Retail Sale. The rights granted to Franchisee hereunder shall only include the right to sell the menu items of the Satellite Shop from the Approved Location to retail guests for actual consumption at the Satellite Shop premises or for personal carry-out consumption. The rights granted to Franchisee hereunder shall specifically exclude, among others, any right to sell any product for resale; to sell any product at or from any place except the Approved Location; and to prepare any product at any place, or deliver any product from any place, other than at or from the Approved Location.

2. TERM AND RENEWAL

2.1 Term. This Agreement shall commence upon its acceptance and execution by the Company and shall expire on the same date that the Franchisee's Rita's Franchise Agreement expires.

2.2 Renewal. So long as Franchisee renews Franchisee's current Single Unit agreement, Franchisee may, subject to the following conditions, renew this Agreement for one (1) additional, consecutive term of 10 years. Franchisee's right to renew shall be specifically subject to the following conditions, all of which must be satisfied prior to the time when Franchisee shall have the right to exercise its right to renew:

2.2.1 Franchisee shall give the Company written notice of Franchisee's election to renew not less than seven (7) months nor more than ten (10) months prior to the end of the then-current term;

2.2.2 Franchisee shall make or provide for, in a manner satisfactory to the Company, such renovation and modernization of the Satellite Shop, its signs and equipment and effectuate and incorporate any changes in products, services or the System in accordance with the Company's then-current standards, practices and image of the System. If Franchisee's Satellite Shop is operated seasonally and the term of this Agreement is due to expire when the Satellite Shop is open for the season, then all such renovations and modernizations shall be completed after the Satellite Shop has closed for the prior season and before the re-opening of the Satellite Shop for the final season of the then-current term. The Company may require Franchisee to pay into escrow, in a non-interest bearing account, an amount of money equal to the estimated cost of such renovation and modernization as determined by the Company, to be held by the Company or a third party approved by the Company until the Satellite Shop has been brought into compliance with the Company's then-current standards as reasonably determined by the Company, and to execute the Company's then-current form of escrow agreement;

2.2.3 Franchisee shall not be or have been in default at any time during the initial term, in any material respect, of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee (or, if Franchisee is a corporation, its officers, directors, or shareholders; or, if Franchisee is a partnership, its partners; or if Franchisee is a limited liability company, its members or managers) or its affiliates and the Company, its affiliates, or any principal of the Company or its affiliates;

2.2.4 Franchisee shall have satisfied all monetary obligations owed by Franchisee, or its officers, directors, shareholders, partners, members, managers and affiliates to the Company, its affiliates, and any principal of the Company or its affiliates, under this and any other agreement between them and shall have timely met those obligations throughout the term of this Agreement;

2.2.5 Franchisee shall present evidence satisfactory to the Company that Franchisee has the right to remain in possession of the Satellite Unit Approved Location for the duration of the renewal term or shall obtain the Company's approval of a new location for the Satellite Shop for the duration of the renewal term;

2.2.6 Franchisee shall, at the Company's option, execute the Company's then-current form of renewal franchise agreement which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including a higher royalty fee and advertising contribution;

2.2.7 Franchisee shall execute a general release, in a form prescribed by the Company, of any and all claims against the Company and its affiliates, and their respective officers, directors, agents, and employees;

2.2.8 Franchisee shall comply with the Company's then-current qualification and training requirements; and

2.2.9 Franchisee shall pay the Company a renewal fee in an amount equal to fifty percent (50%) of the then-current Satellite Unit Franchise Fee being charged generally for a Satellite Shop.

3. DUTIES OF THE COMPANY

3.1 Plans and Specifications. The Company shall make available, at no charge to Franchisee, the Company's standard plans and specifications for a prototypical Satellite Shop, including, exterior and interior design and layout, fixtures, furnishings, and signs. Franchisee acknowledges that such plans and specifications shall not contain the requirements of any federal, state or local law, code or regulation (including, without limitation, those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities).

3.2 Training. The Company shall provide training as set forth in Section 6 of this Agreement.

3.3 Pre-Opening Assistance. The Company shall provide such on-site pre-opening and opening supervision and assistance as the Company deems advisable.

3.4 Advertising and Promotional Material. The Company shall provide to Franchisee from time to time advertising plans and promotional materials, including newspaper mats, coupons, point-of-purchase materials, special promotions, direct mail materials, and similar advertising and promotional materials. In addition, the Company will provide, at no additional cost, a reimbursement of up to three (3) cases of cherry ice mix to Franchisee in connection with the Grand Opening Promotion give-away required under Section 12.2 hereof.

3.5 Proprietary Products. The Company shall make available to Franchisee for sale, or designate or approve other suppliers who shall make available to Franchisee for sale, certain ingredients required for Franchisee's preparation of certain Proprietary Products, including, without limitation, the Company's proprietary Italian ice mix; custard mix; and ingredients for such other menu items as the Company may designate from time to time (collectively, "Rita's Mixes"). The Company has the right, from time to time, to require for sale, as specified in the Manuals or otherwise in writing, various menu items and products and services other than the Proprietary Products ("Additional Products").

3.6 Manuals. The Company shall provide Franchisee with electronic access to the Company's Confidential System Manuals (the "Manuals") via the Internet, extranet, or other electronic means, as more fully described in Section 9 hereof, for Franchisee's use during the term of this Agreement only. During the term of this Agreement, the Company will provide Franchisee with modifications, additions and deletions to the Manuals from time to time in the manner determined by the Company. A paper copy of the Manuals may be supplied upon request.

3.7 Ongoing Advice. The Company shall provide to Franchisee from time to time, as the Company deems appropriate, advice and written materials concerning techniques of managing and operating the Rita's Shop, including, but not limited to, required and suggested inventory and sales methods, new developments and improvements in Franchised Business layout and design, and new developments in products and marketing techniques.

3.8 Inspections. The Company shall conduct from time to time such inspections of Franchisee's operation of the Satellite Unit as it deems advisable.

3.9 Advertising Fund. The Company shall have the right, without the obligation, to establish and administer an advertising fund in the manner set forth in Section 12 hereof.

3.10 Performance by Designee. Franchisee acknowledges and agrees that any duty or obligation imposed on the Company by this Agreement may be performed by any designee, employee, or agent of the Company, as the Company may direct.

4. FEES

4.1 Satellite Unit Franchise Fee. In consideration of the franchise granted herein, Franchisee shall pay to the Company an initial Satellite unit franchise fee (the "Satellite Unit Franchise Fee") of Fifteen Thousand Dollars (\$15,000.00) for a stationary Satellite location upon execution of this Agreement which shall be deemed fully earned and non-refundable, in consideration of the administrative and other expenses incurred by the Company in entering into this Agreement and for the Company's lost or deferred opportunity to enter into this Agreement with others.

4.2 Royalty Fee. During the term of this Agreement, Franchisee shall pay the Company a continuing royalty fee which shall be the mathematical product, calculated by the Company, determined by multiplying six and one-half percent (6.5%) times the Company's estimate of the amount of gross sales to be derived by Franchisee from the retail sale of the products, that will be prepared from the Rita's Mixes, which estimate is determined by using the retail prices submitted by Franchisee through the Rita's Shop. Franchisee shall pay this royalty fee upon Franchisee's purchase of each Rita's Mix purchased through the Rita's Shop as described in Section 7.3.4 hereof.

4.2.1 In addition to the fee described in Section 4.2 above, Franchisee shall pay the Company, on a monthly basis, six and one-half percent (6.5%) of the gross sales of all Additional Products, as further defined in Section 4.4 hereof ("Gross Sales") sold at the Satellite Shop in the preceding month. Franchisee shall pay such fee to the Company by the fifteenth (15th) day of each month for Gross Sales in the preceding month.

4.3 Advertising Expenditures and Contributions. Franchisee shall make monthly expenditures and contributions for advertising and promotion as specified in Section 12 hereof.

4.4 “Gross Sales” Defined. As used in this Agreement the term “Gross Sales” means all revenue from the sale of all products and services and all other income of every kind and nature, except revenue from the sale of the products described in Section 4.2 hereof, related to the Satellite Shop, whether for cash or credit, and regardless of collection in the case of credit, however, “Gross Sales” shall not include (a) any sales taxes or other taxes collected from guests and paid directly to the appropriate taxing authority, or (b) the value of any gift card sold.

4.5 Interest on Overdue Payments. All payments shall be timely delivered to the Company or its affiliates together with any reports or statements required under Section 11 hereof. Any payment or report not actually received by the Company on or before the date due shall be deemed overdue. If any payment is overdue, Franchisee shall pay the Company, in addition to the overdue amount, interest on such amount from the date it was due until paid, at the rate of eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less, together with reasonable attorneys’ fees, costs of investigation and costs of filing a lawsuit. In addition, if any monthly report required by Section 11.3.1 below is not received when due, all payments owed by Franchisee for such month shall be deemed overdue until such reports are received by the Company, regardless of whether payment was actually made, and Franchisee shall be responsible for applicable interest as described in this Paragraph 4.5. Entitlement to such interest shall be in addition to any other remedies the Company may have under this Agreement, at law or in equity. Franchisee shall not be entitled to set-off any payments required to be made under Sections 4, 7, and 12 hereof against any monetary claim Franchisee may have against the Company. The Company reserves the right to require that payments to the Company or its affiliates required by Sections 4, 7, and 12 hereof be made by electronic fund transfer, as provided in Section 4.6 hereof.

4.6 Electronic Funds Transfer. If the Company designates that payments required under Sections 4, 7, and 12 hereof be made by electronic fund transfer, Franchisee shall deposit into one bank account and maintain sufficient revenue to cover payments due to the Company and its affiliates. Franchisee shall furnish to the Company, upon the Company’s request, such bank and account number, a voided check from such bank account, and written authorization for the Company to withdraw funds from such bank account via electronic funds transfer without further consent or authorization for Franchisee’s payments to the Company and its affiliates under this Agreement. Franchisee agrees to execute any and all documents as may be necessary to effectuate and maintain the electronic funds transfer arrangement, as required by the Company. In the event Franchisee changes banks or accounts for the bank account required by this Section 4.6, Franchisee shall, prior to such change, provide such information concerning the new account and an authorization to make withdrawals therefrom. Franchisee’s failure to provide such information concerning the bank account required by this Section 4.6 or any new account, or Franchisee’s withdrawal of consent to withdrawals for whatever reason and by whatever method shall be a breach of this Agreement. The Company shall have the right to charge Franchisee its then-current overdraft fee in the event that there are insufficient funds to cover payments due to the Company and its affiliates.

5. OPENING OF FRANCHISED BUSINESS; RELOCATION

5.1 Opening. Franchisee shall commence operation of the Satellite Shop not later than twelve (12) months after the date of execution of this Agreement. Franchisee's failure to open the Satellite Shop within this time period shall be considered a material breach and default under this Agreement and will entitle the Company to terminate this Agreement pursuant to Section 15 hereof.

5.2 Renovation and Construction. Franchisee shall renovate or construct, and equip the Satellite Shop at Franchisee's own expense. Before commencing any renovation or construction of the Satellite Shop, Franchisee, at its expense, shall employ a qualified architect or engineer, if required by law, to prepare preliminary and final architectural and engineering drawings and specifications of the Franchised Business in accordance with the Company's standard plans and specifications. Such preliminary and final drawings and specifications shall be submitted to the Company for its prior written approval. The drawings and specifications shall not thereafter be changed or modified without the prior written approval of the Company. The Company's approval shall not relate to Franchisee's obligations with respect to any federal, state or local laws, codes or regulations including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Satellite Shop, which shall be Franchisee's sole responsibility. Franchisee acknowledges and agrees that Franchisor may earn compensation from approved suppliers in the form of rebates or referral fees as a result of Franchisee acquiring one or more mobile Satellite units from an approved supplier.

5.3 Permits and Clearances. Franchisee shall be responsible, at Franchisee's expense, for conforming the premises to local ordinances, building codes and the ADA, and for obtaining all zoning classifications, permits, and clearances, including, but not limited to, certificates of occupancy and mall clearances, which may be required by federal, state or local laws, ordinances, or regulations.

5.4 Pre-Opening Inspection. Franchisee shall provide at least fourteen (14) days prior notice to the Company of the date on which Franchisee proposes to open the Satellite Shop for business. The Company shall have the right, at its option, to inspect, approve, and require changes to, the Satellite Shop prior to its opening for business. Franchisee shall not open the Satellite Shop without the Company's prior written approval, which approval shall not be unreasonably withheld. The parties agree that time is of the essence in the opening of the Satellite Shop.

5.4.1 Relocation. If Franchisee desires to relocate the Satellite Shop within the Satellite Unit Approved Location, Franchisee shall submit to the Company a written request to approve the proposed new location for the Satellite Shop. The Company is not obligated to approve any request for relocation, and the Company may, in its sole discretion, require any or all of the following as conditions of its approval: (a) Franchisee is in compliance with all terms and conditions of this Agreement; (b) Franchisee has the funds available to relocate the Satellite Shop and construct a new Satellite Shop according to the Company's then-current design standards; (c) Franchisee shall execute, for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the Company's then-current form of Satellite unit franchise agreement, which agreement shall supersede this

Agreement in all respects, and the terms of which may differ from the terms of this Agreement; (d) Franchisee shall execute a general release, in a form prescribed by the Company, of any and all claims against the Company and its affiliates, and their respective officers, directors, agents and employees.

5.4.2 If Franchisee closes the Satellite Shop for any period of time during relocation, the Company reserves the right to require Franchisee to pay the Company the same royalty fees and Advertising Fees paid during the same time period of the prior year.

6. TRAINING

6.1 Satellite Training Program. Prior to the opening of the Satellite Shop, Franchisee or an employee of Franchisee may attend the standard initial training program for Franchisees offered by the Company at no additional charge. The training set forth in this section 6.1 does not eliminate or modify Franchisee's obligations to complete the training required by the single unit Franchise Agreement.

6.1.1 Franchisee and Franchisee's manager and other employees shall also attend such additional courses, seminars, conventions, and programs as the Company may reasonably require from time to time.

6.1.2 The Company reserves the right to provide any training program through seminars, lectures, classes, Internet-based programs, conference calls, or other methods.

6.2 Employee Certification. In addition to the training of the individuals described in Section 6.1 hereof, any approved personnel from Franchisee's Satellite Shop responsible for preparing menu items from a Rita's Mix (including, without limitation, the Company's proprietary Italian ice) shall be certified in a manner prescribed by the Company to prepare such menu items. To be certified by the Company to prepare menu items from a Rita's Mix, an employee must receive such training as prescribed by the Company.

7. DUTIES OF FRANCHISEE

7.1 Standard of Operation. Franchisee understands and acknowledges that every detail of the Franchised Business is important to Franchisee, the Company, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all franchised businesses operating under the System, and to protect the Company's reputation and goodwill.

7.2 Store Operation. Franchisee shall use the Satellite Shop premises solely for the operation of the business franchised hereunder; shall keep the Satellite Shop open and in normal operation during the hours of operation of the Satellite Unit Approved location; shall refrain from using or permitting the use of the Satellite Shop premises for any other purpose or activity at any time without first obtaining the written consent of the Company, including, without limitation, storing at the premises any products not authorized by the Company; and shall operate the Satellite Shop in strict conformity with such methods, standards, and specifications as the Company may from time to time prescribe in the Manuals or otherwise in writing. Franchisee

shall refrain from deviating from such standards, specifications, and procedures without the Company's prior written consent.

7.3 Adherence to Standards and Specifications. To insure that the highest degree of quality and service is maintained, Franchisee shall operate the Satellite Shop in strict conformity with such methods, standards, and specifications as the Company may from time to time prescribe in the Manuals or otherwise in writing, including, but not limited to, any and all specifically identified critical operating standards that the Company may adopt (the "Critical Operating Standards"). Franchisee acknowledges and understands that, in addition to the remedies described in Section 15 of the Agreement, Franchisee may be liable for fees and other costs, as described in the Manuals, if it fails to comply with the Critical Operating Standards. Franchisee agrees:

7.3.1 that Franchisee's use of refrigerated transportation for the Proprietary Products approved by the Company, including, without limitation, Italian ice, to and from the Satellite Shop each day is essential to the taste and quality of the Proprietary Products; and that Franchisee shall use transportation approved by the Company in writing or otherwise in the Manual for the transportation of the Proprietary Products, including, without limitation, Italian ice, to and from the Satellite Shop.

7.3.2 To maintain in sufficient supply (as the Company may prescribe in the Manuals or otherwise in writing), and to use at all times, only such Rita's Mixes and other products and ingredients acquired from a supplier or suppliers designated by the Company, and such other ingredients, products, materials, supplies, paper goods, fixtures, furnishings, equipment, signs, and menu items, as conform with the Company's standards and specifications, and to refrain from deviating therefrom by the use of nonconforming items, without the Company's prior written consent.

7.3.3 To sell, give away or offer only such menu items, products, and services as have been expressly approved in writing by the Company; to sell, give away or offer all types of menu items, products, and services specified by the Company; to refrain from any deviation from the Company's standards and specifications without the Company's prior written consent; and to discontinue selling and offering any unapproved menu items, products, or services, or any menu items, products, or services which the Company may, in its discretion, disapprove in writing at any time.

7.3.4 To use, in the preparation of the Proprietary Products, such Rita's Mixes, standards, specifications, and procedures as prescribed by the Company. Franchisee acknowledges and agrees that the Rita's Mixes are essential to the preparation and taste of the Proprietary Products, including, without limitation, the Italian ice and frozen custard, served at the Satellite Shop; that certain of the Rita's Mixes are proprietary trade secrets used in the System; and that use of such Rita's Mixes is an essential part of the Franchised Business. For the Satellite Shop, all Proprietary Italian Ice shall be prepared at Franchisee's single unit Rita's Shop.

7.3.4.1 Franchisee agrees to acquire the Rita's Mixes from such supplier(s), which may include the Company or its affiliates, as the Company shall designate or

approve in the Manuals or otherwise in writing from time to time. Any purchase of Rita's Mixes (and any other items) from the Company or its affiliates shall be at such prices, and on such other terms and conditions, as are contained in the Manuals or as the Company shall specify from time to time in writing. Franchisee shall be responsible for, and pay the cost of, shipment and insurance, if any.

7.3.4.2 Franchisee acknowledges and agrees that the Company may from time to time, expressly approve in writing as specified in the Manuals or otherwise, certain other menu items, and products prepared by utilizing a Rita's Mix.

7.3.4.3 Franchisee agrees that all Proprietary Products prepared by Franchisee from a Rita's Mix shall be prepared, stored, maintained, served and transported in strict conformity with the Company's standards, specifications and procedures, as the Company may specify in the Manuals or otherwise in writing from time to time. Franchisee acknowledges and agrees that any Proprietary Product for which the Company's standards, specifications and procedures require the use of a Rita's Mix, including, without limitation, Italian ice and frozen custard, shall be prepared solely with a Rita's Mix and with no other mix or unauthorized ingredients.

7.3.4.4 Franchisee acknowledges and agrees that all Proprietary Products prepared by Franchisee from a Rita's Mix shall be served in a fresh and tasty condition, and no stale or inferior-grade Proprietary Products prepared by Franchisee from a Rita's Mix shall be offered for sale or sold by Franchisee. Franchisee acknowledges and agrees that the Company shall have the right to require that any Proprietary Product prepared by Franchisee from a Rita's Mix be immediately removed from sale if the Company, during any inspection, reasonably believes the Proprietary Product to be of a stale or inferior-grade. Franchisee agrees immediately to remove, upon the Company's request, such Proprietary Product from sale.

7.3.5 To use and display only the standard menu format provided by the Company, as the same may be revised by the Company from time to time. Any changes in the menu format must be approved in writing by the Company prior to use. Franchisee shall have sole discretion as to the prices to be charged to guests.

7.3.6 To refrain from offering or selling any of the menu items, products, or services offered for sale hereunder from catalogs, through mail-order, interactive television, the World Wide Web, the Internet, or other electronic order-placement or entry system, without the Company's prior written consent.

7.3.7 To refrain from installing or permitting to be installed, unless specifically approved in writing, in advance, by the Company any vending machine, game or similar coin-operated device; any pay telephones, newspaper racks, concession stands, jukeboxes, gum machines, games, rides or coin vending machines.

7.3.8 To refrain from consuming, using, selling, offering to sell, or permitting to be on the Satellite Shop premises for any reason whatsoever any alcoholic or intoxicating beverages or products; and, except as otherwise approved by the Company in writing, to refrain from selling or distributing to any other Rita's Franchisee any products to be sold hereunder.

7.3.9 To participate in the Company's gift card program for all Rita's shops operating under the System, as prescribed by the Company in the Manuals or otherwise in writing from time to time, including, but not limited to, selling and offering for sale Rita's gift cards which may be redeemed at any Rita's shop for menu items or products, and permitting guests who purchased gift cards from another Rita's shop or the Company to redeem their gift cards for menu items or products at Franchisee's Rita's Shop.

7.3.10 To comply with all reasonable restrictions on maximum prices of specific goods or services to be offered or sold hereunder by Franchisee as required in the Manuals, in any advertising program described in Section 12 hereof, or as otherwise reasonably specified in writing from time to time by the Company.

7.3.10 To participate in the "Smart Program" as described in the Manuals, as may be revised from time to time by the Company.

7.4 Fixtures, Furnishings and Equipment. It is the intent of Franchisor and Franchisee that Franchisee shall not have purchased the Company's proprietary batch machine for use at the Satellite Unit location. All Italian ice shall be manufactured at Franchisee's single unit Rita's Shop. Should Franchisee request, Franchisor may permit, at Franchisor's sole and complete discretion, Franchisee to acquire the Company's proprietary batch machine for use at the Satellite Shop. Additionally, Franchisee shall purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment (including, without limitation, a telecopy machine, telephone, and cash register or point-of-sale recording system), décor, and signs as the Company may reasonably direct from time to time; and shall refrain from installing or permitting to be installed on or about the Satellite Unit premises, without the Company's prior written consent, any fixtures, furnishings, equipment, decor, signs, or other items not previously approved as meeting the Company's then-current standards and specifications.

7.5 Approved and Designated Suppliers. All products sold or offered for sale at the Satellite Shop and other products, materials, supplies, paper goods, fixtures, furnishings and equipment used at the Satellite Shop, shall meet the Company's then-current standards and specifications, as established in the Manuals or otherwise in writing. Except as provided in Section 7.3.3 hereof, Franchisee shall purchase all food items, ingredients, supplies, materials, and other products and equipment used or offered for sale at the Satellite Shop for which the Company has established standards or specifications solely from suppliers (including manufacturers, distributors, and other sources) which demonstrate, to the continuing reasonable satisfaction of the Company, the ability to meet the Company's standards and specifications, who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably, and who have been approved by the Company in the Manuals or otherwise in writing. If Franchisee desires to purchase products from a party other than an approved supplier, Franchisee shall submit to the Company a written request to approve the proposed supplier, together with such evidence of conformity with the Company's specifications as the Company may reasonably require. The Company shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to the Company or to an independent testing facility designated by the Company. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee. The Company shall use its best efforts, within thirty (30) days after its

receipt of such completed request and completion of such evaluation and testing (if required by the Company), to notify Franchisee in writing of its approval or disapproval of the proposed supplier. Approval shall not be unreasonably withheld. Franchisee shall not purchase any products from the proposed supplier until the Company's written approval of the proposed supplier is received. The Company may from time to time revoke its approval of particular products or suppliers when the Company determines, in its sole discretion, that such products or suppliers no longer meet the Company's standards. Upon receipt of written notice of such revocation, Franchisee shall cease to sell any disapproved products and cease to purchase from any disapproved supplier. Franchisee agrees that it shall use products purchased from approved suppliers solely for the purpose of operating the Franchised Business and not for any other purpose, including, without limitation, resale, except for the resale of products to another Rita's franchisee for use in operating their Rita's Shop. Nothing in the foregoing shall be construed to require the Company to approve any particular supplier, or to require the Company to make available to prospective suppliers, standards and specifications for formulas, including, without limitation, the formulas for the Rita's Mixes, that the Company, in its sole discretion, deems confidential.

7.6 Grand Opening Advertising Requirement. Prior to the grand opening of the Franchised Business, Franchisee shall conduct, at Franchisee's expense, such pre-opening promotional and advertising activities as the Company reasonably may require as set forth in Section 12.2 hereof.

7.7 Inventory. At the time the Franchised Business opens, Franchisee shall stock the initial inventory of products, accessories, equipment, inventory and supplies prescribed by the Company in the Manuals or otherwise in writing. Thereafter, Franchisee shall stock and maintain all types of approved products in quantities sufficient to meet reasonably anticipated guest demand.

7.8 Permitted Entry and Inspection. Franchisee shall permit the Company and its agents to enter upon the Satellite Shop at any time during normal business hours for the purpose of conducting inspections; shall cooperate with representatives of the Company in such inspections by rendering such assistance as they may reasonably request; and, upon notice from the Company or its agents, and without limiting the Company's other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by the Company, the Company shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by the Company and to charge Franchisee a reasonable fee for the Company's expenses in so acting, payable by Franchisee upon demand. The foregoing shall be in addition to such other remedies the Company may have.

7.9 Proprietary Marks. Franchisee shall ensure that all advertising and promotional materials, signs, decorations, and other items specified by the Company bear the Proprietary Marks in the form, color, location, and manner prescribed by the Company.

7.10 Satellite Shop Maintenance. Franchisee shall maintain the Satellite Shop premises(including adjacent public areas) in a safe, clean, orderly condition and in excellent

repair; and, in connection therewith, Franchisee shall, at its expense, make such additions, alterations, repairs, and replacements thereto (but no others without the Company's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor as the Company may reasonably direct.

7.11 Refurbishing. At the Company's request, Franchisee shall refurbish the Satellite Shop premises, at its expense, to conform to the building design, trade dress, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new franchised businesses. Such refurbishment may include, without limitation, structural changes, installation of new equipment, remodeling, redecoration, and modifications to existing improvements.

7.12 On-Premises Supervision. The Satellite Shop shall at all times be under the direct, on-premises supervision of Franchisee (or if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee acceptable to the Company) or (if Franchisee or Franchisee's principal will not manage the Satellite Shop) an approved manager who has satisfactorily completed the Company's training program. Unless otherwise agreed to in writing by the Company, only Franchisee, Franchisee's manager, or other designated employee (each of whom has satisfactorily completed the Company's training program) shall be involved in the preparation of any Proprietary Product (including, without limitation, Italian ice) prepared from a Rita's Mix. Franchisee shall maintain a competent, conscientious, trained staff, including a fully-trained manager (who may be Franchisee). Franchisee shall take such steps as are necessary to ensure that its employees preserve good guest relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as the Company may establish from time to time in the Manuals. Franchisee and its employees shall handle all guest complaints, refunds, and other adjustments in a manner that will not detract from the name and goodwill of the Company. If the Company receives a complaint from one of Franchisee's guests, then the Company reserves the right to require Franchisee to pay the Company's then-current Guest Complaint Resolution Fee as set forth in the Manuals. Franchisee shall take such steps as are necessary to ensure that its employees do not violate the Company's policies relating to the use of Networking Media Websites (as defined in Section 8.10 below), including, but not limited to, prohibiting employees from posting any information relating to the Company, the System, the Proprietary Marks, or the Franchised Business on any Networking Media Website without the Company's prior written approval. Franchisee shall be solely responsible for all employment decisions and functions of the Franchised Business, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees.

7.13 Modifications to the System. Should the Company modify or alter the System during the term of this Agreement, it will notify Franchisee of such modifications and changes in writing and Franchisee shall implement such changes within sixty (60) days of receipt of the Company's notice and instructions.

7.14 Rita's Advisory Council. Franchisee shall participate actively in such Rita's Advisory Council ("Council") as the Company designates and participate in all Council programs approved by the Company. The Company, in its sole discretion, will determine the

boundaries of the Council. The purposes of the Council shall include, but are not limited to, exchanging ideas and problem-solving methods, advising the Company on expenditures for system-wide advertising, and coordinating franchisee efforts. Franchisee shall pay all assessments levied by the Council, and the Company has the right to enforce this obligation. Amounts and expenditures may vary from time to time due to variations in Council participation and costs, as determined by the Council, and as approved by the Company.

7.15 No Changes by Franchisee. Franchisee shall not implement any change, amendment, or improvement to the System without the express prior written consent of the Company. Franchisee shall notify the Company in writing of any change, amendment, or improvement in the System, including, without limitation, suggested new menu items, flavors and recipes, which Franchisee proposes to make, and shall provide to the Company such information as the Company requests regarding the proposed change, amendment, or improvement. Franchisee acknowledges and agrees that the Company shall have the right to incorporate the proposed change, amendment, or improvement into the System and shall thereupon obtain all right, title, and interest therein without compensation to Franchisee.

7.16 Lease Requirements. Franchisee shall comply with all terms of its lease or sublease, and all other agreements affecting the operation of the Franchised Business.

7.17 System Advertising Promotion. If Franchisee elects or is obligated hereunder to participate in any System promotion, Franchisee shall use such displays and promotional materials as the Company shall authorize and specify from time to time, and shall coordinate its participation with the Company and other System franchisees as the Company may direct.

7.18 Health Standards. Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Satellite Unit. Franchisee shall furnish to the Company, within five (5) days after receipt thereof, a copy of any violation or citation which indicates Franchisee's failure to maintain local health or safety standards in the operation of the Satellite Unit.

7.19 Franchisee's Designee. Franchisee shall designate a principal of Franchisee who will have authority and responsibility to deal with the Company in connection with Franchised Business, who will be the primary contact person for the Company, and who will be available and responsible for communicating with the Company at all times, including, without limitation, during times when the Satellite Shop is closed for the season ("Franchisee's Designee"). If Franchisee is an individual, Franchisee shall be Franchisee's Designee. Franchisee shall provide the Company with such personal contact information as the Company requires in the Manuals (including, without limitation, telephone number and e-mail address) for Franchisee's Designee, and shall promptly notify the Company in writing of any changes to the identity or contact information of Franchisee's Designee.

7.20 Batch Machine. Franchisor and Franchisee acknowledge that Franchisee is not permitted to have a batch machine on the premises of the Satellite Shop and that all Italian Ice shall be manufactured at Franchisee's main single unit Rita's Shop that contains a batch machine. However should Franchisee request the right to acquire a batch machine for use at the premises of the Satellite Shop and Franchisor approves the request, in Franchisor's sole and

complete discretion, Franchisee shall execute any and all documents and do such acts as may, in the opinion of the Company, be necessary for the Company to perfect its UCC interest in each batch machine used in, or intended for use in, the operation of the Franchised Business, as described in Sections 14.5 and 16.8 hereof. Franchisee shall not sell, assign, transfer, convey, pledge, encumber or otherwise give away the batch machines, or interest therein, without providing prior written notice to the Company as required in Sections 14.5 and 16.8 hereof.

7.21 Annual Business Meeting. At Rita's discretion, Franchisee and Franchisee's employees may be required to attend an Annual Business Meeting at a location to be determined by Rita's. Franchisee will be responsible for all expenses incurred in connection with attending the Annual Business Meeting, including, without limitation, the costs of accommodations, meals, wages and travel.

8. PROPRIETARY MARKS AND TECHNOLOGY

8.1 Representations. The Company represents with respect to the Proprietary Marks:

8.1.1 The Company has the right to use, and to license others to use the Proprietary Marks; and

8.1.2 The Company has taken and will take all steps reasonably necessary to preserve and protect the ownership and validity of the Proprietary Marks.

8.2 Franchisee's Use of the Marks. With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee agrees that:

8.2.1 Franchisee shall use only the Proprietary Marks designated by the Company, and shall use them only in the manner authorized and permitted by the Company;

8.2.2 Franchisee shall use the Proprietary Marks only for the operation of the Satellite Shop and only at the Approved Location, or in advertising for the business conducted at or from the Approved Location;

8.2.3 Unless otherwise authorized or required by the Company, Franchisee shall operate and advertise the Satellite Shop only under the name, "Rita's Ice-Custard-Happiness", and shall use all Proprietary Marks without prefix or suffix. Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name;

8.2.4 During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify itself as the owner of the Franchised Business in conjunction with any use of the Proprietary 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 and at such conspicuous locations as the Company may designate in writing;

8.2.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an

infringement of the trademark owner's rights and will entitle the Company to exercise all of its rights under this Agreement in addition to all rights available at law or in equity;

8.2.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of the Company;

8.2.7 Franchisee shall comply with the Company's instructions in filing any requisite trade name or fictitious name registrations. The only costs to be borne by Franchisee in this respect are the cost and expense of Franchisee's counsel and applicable filing fees. Franchisee shall execute any documents deemed necessary by the Company to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability;

8.2.8 Franchisee shall promptly notify the Company of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, any challenge to the ownership of, or the Company's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that the Company has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. The Company has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. The Company shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If the Company, in its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by the Company. If the Company, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in the opinion of the Company, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, the Company agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts; and

8.2.9 Franchisee shall not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Proprietary Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Proprietary Marks.

8.3 Acknowledgments. Franchisee expressly understands and acknowledges that:

8.3.1 The Company is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and the Company has the right to use, and license others to use, the Proprietary Marks;

8.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System as well as to protect the uniformity of the System;

8.3.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of the trademark owner's ownership of, or the Company's right to use and to license others to use, the Proprietary Marks;

8.3.4 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks; and

8.3.5 Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to the benefit of the Company, and upon expiration or termination of this Agreement and the license granted herein, no monetary amount shall be assigned to Franchisee or any of its principals, affiliates, subsidiaries, successors, licenses or assigns as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks.

8.4 Non-Exclusive License. Except as specified in Section 1.3 hereof, the license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and the Company retains the following rights, among others: (a) to use the Proprietary Marks itself in connection with selling products and services; (b) to grant other licenses for the Proprietary Marks; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee.

8.5 Modification of Proprietary Marks. The Company reserves the right, in its sole discretion, to modify, add to, discontinue use of or substitute different proprietary marks for use in identifying the System and the Rita's shops operating hereunder, and Franchisee agrees to use such marks. Franchisee shall bear the costs of modifying Franchisee's signs, menu boards, displays, paper products and advertising materials to conform to the Proprietary Marks designated by the Company. The Company shall have no obligation or liability to Franchisee as a result of such modification, addition, substitution or discontinuance.

8.6 Computer System and Required Software.

8.6.1 The Company shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (a) back office and point of sale systems, data, audio, and video, systems for use at the Franchised Business; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (collectively, the "Computer System").

8.6.2 The Company shall have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs that Franchisee must use in connection with the Computer System, which may include web-based software programs (the "Required Software"), which Franchisee shall install at its expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at its expense; (c) the tangible media upon which Franchisee shall record data; and (d) the database file structure of the Computer System.

8.6.3 At the Company's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. The Company shall have the right at any time to remotely retrieve and use such data and information from Franchisee's Computer System or Required Software that the Company deems necessary or desirable. Franchisee expressly agrees to strictly comply with the Company's standards and specifications for all items associated with Franchisee's Computer System and any Required Software in accordance with the Company's standards and specifications. Franchisee agrees, at its own expense, to keep the Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Required Software as the Company directs from time to time in writing. Franchisee agrees that its compliance with this Section 8.6 shall be at Franchisee's sole cost and expense.

8.7 Data. All data provided by Franchisee, uploaded to the Company's system from Franchisee's system, and/or downloaded from Franchisee's system to the Company's system, is and will be owned exclusively by the Company, and the Company will have the right to use such data in any manner that the Company deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Franchised Business (including but not limited to consumer and transaction data), is and will be owned exclusively by the Company during the term of, and following termination or expiration of, this Agreement. Copies and/or originals of such data must be provided to the Company upon the Company's request. The Company hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee's use in connection with the establishment and operation of the Franchised Business pursuant to this Agreement.

8.8 Privacy. Subject to commercial standards of reasonableness based upon local business practices in Franchisee's Territory, the Company may, from time-to-time, specify in the Manuals (or otherwise in writing) the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Business, and Franchisee shall provide to the Company such reports as the Company may reasonably request from the data so collected and maintained. All data pertaining to or derived from the Franchised Business (including, without limitation, data pertaining to or otherwise about customers) is and shall be the exclusive property of the Company, and the Company hereby grants a royalty-free nonexclusive license to Franchisee to use said data during the term of this Agreement. Franchisee shall abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without the Company's prior written consent as to said policy.

8.9 Extranet. The Company may, but is not obligated to, establish an Extranet. The term "Extranet" means a private network based upon Internet protocols that will allow users inside and outside of the Company's headquarters to access certain parts of the Company's computer network via the Internet. If the Company does establish an Extranet, then Franchisee shall comply with the Company's requirements (as set forth in the Manuals or otherwise in writing) with respect to connecting to the Extranet and utilizing the Extranet in connection with the operation of the Franchised Business. The Extranet may include, without limitation, the Manuals, training and other assistance materials, and management reporting solutions (both upstream and downstream, as the Company may direct). Franchisee shall purchase and maintain

such computer software and hardware (including, but not limited to, telecommunications capacity) as may be required to connect to and utilize the Extranet. The Company shall have the right to require Franchisee to install a video, voice and data system that is accessible by both the Company and Franchisee on a secure Internet website, in real-time, all in accordance with the Company's then-current written standards as set forth in the Manuals or otherwise in writing. Franchisee shall comply with the Company's requirements (as set forth in the Manuals or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and the Company's Extranet and/or such other computer systems as the Company may reasonably require.

8.10 Websites. The Company maintains a Website at www.ritasice.com and has the right to promote the System and those company-owned and franchisee-owned locations as the Company determines and in the manner the Company determines in its sole discretion. The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including, but not limited to, social and business networking media such as Facebook, Twitter, LinkedIn, and on-line blogs and forums ("Networking Media Websites"). The Company reserves the right to require Franchisee to pay the Company a one-time design fee and a monthly hosting fee in an amount set forth in the Manuals or otherwise in writing for the design and hosting of the Franchised Business on the Company's Website. Design and hosting fees may change over time if design and content require more bandwidth or functionality. Unless otherwise approved in writing by the Company, Franchisee shall not establish a separate Website. However, the Company shall have the right to require that Franchisee have one or more references or webpage(s), as designated and approved in advance by the Company, within the Company's Website. The Company shall have the right to require that Franchisee not have any Website other than the webpage(s), if any, made available on the Company's Website. However, if the Company approves a separate Website for Franchisee (which the Company is not obligated to approve; and, which approval, if granted, may later be revoked by the Company), then each of the following provisions shall apply:

8.10.1 Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee, including any posting on or contribution to a Networking Media Website, shall be deemed "advertising" under this Agreement and will be subject to, among other things, the Company's prior review and approval;

8.10.2 Before establishing any Website, Franchisee shall submit to the Company, for the Company's prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta tags) in the form and manner the Company may reasonably require;

8.10.3 If approved, Franchisee shall not subsequently modify such Website without the Company's prior written approval as to such proposed modification;

8.10.4 Franchisee shall comply with the standards and specifications for Websites that the Company may periodically prescribe in the Manuals or otherwise in writing;

8.10.5 If required by the Company, Franchisee shall establish such hyperlinks to the Company's Website and other Websites as the Company may request in writing; and

8.10.6 Franchisee shall not post any information relating to the Company, the System, the Proprietary Marks, or the Franchised Business on a Networking Media Website without the Company's prior written approval; and Franchisee shall not make any posting or other contribution to a Networking Media Website that (a) is derogatory, disparaging, or critical of the Company, (b) is offensive, inflammatory, or indecent, or (c) harms the goodwill and public image of the System and/or the Proprietary Marks.

8.11 Domain Names. Franchisee acknowledges and agrees that if the Company grants its approval for Franchisee's use of a generic, national, and/or regionalized domain name, the Company shall have the right to own and control said domain name at all times and may license it to Franchisee for the term of this Agreement on such terms and conditions as the Company may reasonably require (including, but not limited to, the requirement that Franchisee reimburse the Company's costs for doing so). If Franchisee already owns any domain names, or hereafter registers any domain names, then Franchisee agrees that it shall notify the Company in writing and assign said domain names to the Company and/or a designee that the Company specifies in writing.

8.12 Online Use of Proprietary Marks and E-mail Solicitations. Franchisee shall not use the Proprietary Marks or any abbreviation or other name associated with the Company and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining the Company's written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003").

8.13 No Outsourcing Without Prior Written Approval. Franchisee shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without the Company's prior written approval. The Company's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with the Company and Franchisee in a form that is provided by the Company. The provisions of this Section 8.13 are in addition to and not instead of any other provision of this Agreement.

8.14 Changes to Technology. Franchisee and the Company acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that the Company shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those reasonable new standards established by the Company as if this Agreement were periodically revised by the Company for that purpose.

9. SYSTEM MANUALS

9.1 Satellite Shop Operation. In order to protect the reputation and goodwill of the Company and to maintain high standards of operation under the System, Franchisee shall operate the Satellite Shop in strict accordance with the standards, methods, policies, and procedures specified in the System Manuals, which consist of the Operations Manual, the Products and Procedures Manual, and the Product Recipes Manual (collectively, the “Manuals”). Upon commencement by Franchisee or Franchisee’s manager of the Company’s initial training program, the Company will provide to Franchisee by electronic means, one copy of the Manuals for the term of this Agreement.

9.2 Confidentiality. The Manuals contain confidential business information and trade secrets that belong to the Company. The Company owns the Manuals and all rights, including proprietary rights, in, and to, the Manuals and their information. Any copies and summaries of the Manuals are, and shall at all times remain, the property solely of the Company. Franchisee shall at all times treat the Manuals, their information, any other manuals created for or approved for use in the operation of the Satellite Shop as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person.

9.3 Revisions to Manuals. The Company has the sole and absolute right to modify, add to, and delete from, the Manuals at any time. Any written notice that the Company delivers to Franchisee containing any such modification of, addition to, and deletion from the Manuals shall bind Franchisee upon Franchisee’s receipt of such notice. Franchisee shall be solely responsible to insure that the Satellite Shop is operated in compliance with the most current and up-to-date version. Franchisee expressly agrees to comply with and implement each new or changed standard, method, policy and procedure promptly and at Franchisee’s sole expense.

9.4 Electronic Access to Manuals. The Company shall maintain all of the Manuals in electronic form. Franchisee agrees (a) to install, maintain, and upgrade continually throughout the term of this Agreement and as required by the Company in the Manuals and in writing from time to time, at Franchisee’s sole expense, the highest-speed Internet connection available to provide access to such portions of the Manuals; (b) to make one copy of such portions of the Manuals and to maintain such copies and their contents as secret and confidential; and (c) Franchisee and none of Franchisee’s principals or employees shall make any electronic copy of any portion of the Manuals.

9.5 Master Copy. The electronic copy (or, if unavailable, the paper copy) of the Manuals maintained by the Company at its home office is, and shall be, controlling in the event of any dispute as to the Manuals’ contents. Franchisee shall use the Manuals solely for the operation of the Satellite Shop.

10. CONFIDENTIAL INFORMATION

10.1 Confidential Information. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes the Rita’s Mixes,

ingredients, formulae, recipes and methods of preparation of certain food products, and methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the “Confidential Information”). Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement. Franchisee acknowledges and agrees the Company will disclose the Confidential Information to Franchisee in furnishing to Franchisee the training program and subsequent ongoing training, the Manuals and general assistance during the term of this Agreement. Franchisee acknowledges and agrees that Franchisee will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and that the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. Franchisee acknowledges and agrees that the Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee does hereby agree, that it shall: (1) not use the Confidential Information in any other business or capacity during and after the term of this Agreement; (2) maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) not make unauthorized copies of any portion of the Confidential Information and maintain restrictions on disclosure thereof to Franchisee’s employees by reasonable methods; and (4) not disclose or permit access to any Confidential Information by any person, except for employees of Franchisee requiring such access for Franchisee to fulfill its obligations under this Agreement.

10.2 Confidentiality Agreements. At the Company’s request, Franchisee shall obtain execution of the covenants described in Section 17 from the individuals described therein.

11. ACCOUNTING AND RECORDS

11.1 Recordkeeping. Franchisee shall keep, maintain and record all sales on such recordkeeping, cash register(s) or reporting system(s) designated by the Company, or on any other equipment specified by the Company in the Manuals or otherwise in writing from time to time. Franchisee shall prepare, and shall preserve for at least three (3) years from the dates of their preparation, complete and accurate books, records, and accounts, which fully and correctly record and disclose all transactions relating to or involving the operation of the Satellite Shop or Units, in accordance with generally accepted accounting principles and in the form and manner prescribed by the Company from time to time in the Manuals or otherwise in writing.

11.2 Recording Procedures. All Gross Sales, sales tax, and charges collected on behalf of third parties shall be recorded by Franchisee in accordance with the procedures prescribed in the Manuals, and on such cash register or point-of-sale recording system as the Company may specify pursuant to Section 7 hereof.

11.3 Reports. Franchisee shall, at Franchisee’s expense, submit to the Company in the form prescribed by the Company, the following reports, financial statements, and other data:

11.3.1 By the fifteenth (15th) day of each month, an accurate profit and loss statement and a report accurately reflecting all Gross Sales during the prior calendar month;

11.3.2 Within ninety (90) days after the end of each fiscal year of the Satellite Shop, financial statements prepared by an independent certified public accountant approved by the Company, including, without limitation, a complete and accurate profit and loss statement for the preceding year and balance sheet as of the end of such year, showing the results of operations of the Satellite Shop during said fiscal year, which may be unaudited, unless Franchisee has received written notice from the Company requiring an audit and, in such event, Franchisee shall have ninety (90) days from receipt of the notice of audit requirement to provide the Company with the audited financial statements;

11.3.3 Within ten (10) days after their completion, all federal tax returns filed by Franchisee;

11.3.4 Upon the Company's request, within ten (10) days after their timely completion, all state and local sales, income or other tax returns filed by Franchisee; and

11.3.5 Such other forms, reports, records, information, and data as the Company may reasonably designate from time to time, as may be described in the Manuals.

11.4 Inspection and Audit. The Company and its designated agents shall have the right at all reasonable times to examine and copy, at the Company's expense, the books, records, accounts, and tax returns of Franchisee. The Company 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 any payments have been understated in any report to the Company, then Franchisee shall immediately pay to the Company the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. If an inspection or audit discloses an understatement in any report of three percent (3%) or more, Franchisee shall, in addition to repayment of monies owed with interest, reimburse the Company for any and all costs and expenses connected with the inspection or audit (including, without limitation, travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies the Company may have.

12. ADVERTISING AND PROMOTION

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

12.1 Generally. With regard to advertising generally for the Satellite Shop, Franchisee shall place or display at the Satellite Unit Approved Location (interior and exterior) only such signs, emblems, lettering, logos and displays and advertising materials as the Company approves in writing from time to time. Franchisee shall submit to the Company, prior to its use, samples of all sales promotional and advertising materials desired to be used by Franchisee, including, but not limited to, newspaper, radio and television advertising, specialty and novelty items, signs, cups, boxes, bags and other packaging which have not been previously approved by the Company. Such submission shall not affect Franchisee's right to determine the prices at which Franchisee sell its products. Within fifteen (15) days of the Company's receipt of any sample

sales promotional material or advertising materials from Franchisee, the Company shall notify Franchisee in writing of the Company's approval or disapproval of the materials; provided, however, the Company's failure to approve or disapprove the materials within fifteen (15) days of receipt shall be deemed a disapproval. Franchisee shall not use any advertising or promotional materials for which the Company has not given its prior written approval.

12.2 Grand Opening Local Advertising and Promotional Program. Beginning sixty (60) days prior to the opening of Franchisee's Satellite Shop and, if applicable, any relocation or transfer of Franchisee's Satellite Shop, Franchisee shall conduct grand opening advertising and promotion in the form and manner as determined by the Company in its sole discretion. Franchisee shall expend Ten Thousand Dollars (\$10,000) on such grand opening advertising and promotion within thirty (30) days of the opening of Franchisee's Satellite Shop. The Company may, in its sole discretion, purchase on your behalf, broadcast and print advertising and such other advertising and promotion as recommended by Rita's and may require Franchisee to purchase certain advertising materials, including, but not limited to, a Rita's "Ice Guy" costume. The cost of the promotion and media included shall be determined by Rita's and may vary depending on the size and location of the market where the Shop is located. In addition, when Franchisee opens its Satellite Shop, Franchisee must give away for free regular-sized cups of any flavor of ice to its guests. The Company will provide Franchisee with a reimbursement of up to three (3) cases of cherry flavor mix. Franchisee will incur all expenses related to the free ice give-away, including the cost of ice mixes, supplies, and cups.

12.3 Advertising Fee. Franchisee shall pay the Company an advertising fee ("Advertising Fee") which shall be allocated, in the Company's sole discretion, to (a) the Fund (as described in Section 12.6); and/or (b) the Cooperative (as described in Section 12.7 hereof). Franchisee shall pay to the Company the Advertising Fee through the purchase of Rita's Mixes from the Company and/or through approved suppliers as described in Section 7.3.3 hereof. The amount of the Advertising Fee shall be the sum of (a) the mathematical product, calculated by the Company, determined by multiplying three percent (3%) times the Company's estimate of the amount of gross sales to be derived by Franchisee from the retail sale of the products that will be prepared from the Rita's Mixes purchased through the Rita's Shop and (b) three percent (3%) times the Gross Sales of all Additional Products charged through the Satellite Shop.

12.4 Local Advertising. In addition to the advertising expenditures required by Sections 12.2 and 12.3 above, for each week that Satellite Shop is open for business, Franchisee shall expend an average of two percent (2%) of Gross Sales per week on local advertising in such manner as the Company may, in its sole discretion, direct in the Manuals or otherwise in writing from time to time (the "Minimum Advertising Expenditure").

12.4.1 Franchisee shall provide satisfactory evidence of Franchisee's required Minimum Advertising Expenditure in such manner as the Company shall direct in the Manuals or otherwise in writing from time to time.

12.4.2 The Company shall have the right to increase the Minimum Advertising Expenditure to a maximum of three percent (3%) of Gross Sales upon thirty (30) days prior written notice to Franchisee.

12.5 First Day of Spring Ice Give-Away. Each year on the first day of Spring, franchisees must give away cups of any flavor ice for free to any guest who visits the franchisee's location from open until close. Rita's reserves the right to determine the size of the cup of ice received by guests. Franchisees must pay for all costs associated with the give-away, including mixes, supplies, and cups. For all mixes (whether they come from the franchisee's inventory or whether they are purchased in preparation for the First Day of Spring Ice Give-Away), franchisee will be responsible for paying all royalty owed to Rita's at the time the mixes are purchased. Franchisee is also responsible for keeping accurate accounting and documenting how many regular cups of ice were given away as part of the First Day of Spring Ice Give-Away. Franchisee must submit this documentation to Rita's and Rita's will subsequently reimburse franchisee for the product royalty portion of this giveaway based on the number of regular ices given away and the franchisee's retail price.

12.6 Advertising Fund. The Company shall have the right, in its sole discretion, without, however, any obligation, to establish, administer and control the Fund. Franchisee agrees to contribute to the Fund as described in Section 12.3 hereof and the Fund shall be maintained and administered by the Company as follows:

12.6.1 The Company shall direct all advertising programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Fund is intended to maximize general public recognition, acceptance, and use of the System; and that the Company is not obligated, in administering the Fund, to make expenditures for Franchisees which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or from expenditures by the Fund. Ad Fund contributions will also be used to pay for all or part of the System's Mystery Shop program.

12.6.2 The Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which the Company believes will enhance the image of the System, including, among other things, the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing Networking Media Websites (as defined in Section 8.10 above) and other emerging media or promotional tactics; developing, maintaining, and updating a Website for the Company; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; conducting and administering in-store promotions and "mystery shopper" program(s); and providing promotional and other marketing materials and services to the businesses operating under the System.

12.6.3 The Company shall make contributions to the Fund for each of the Rita's shops operated by the Company (or its affiliates) in a percentage equivalent to the percentage contributions required of franchisees generally within the System. The Company agrees that it will exercise its best efforts to collect required contributions to the Fund from all franchisees required to contribute to the Fund.

12.6.4 All Fund contributions shall be maintained in an account separate from the other monies of the Company and shall not be used to defray any of the Company's expenses, except for such reasonable costs and overhead, if any, as the Company may incur in activities reasonably related to the direction and implementation of the Fund and advertising programs for franchisees and the System, including, among other things, costs of personnel for creating and implementing advertising, promotional, and marketing programs. The Fund and any earnings thereon shall not otherwise inure to the benefit of the Company. The Fund shall not be considered a trust fund nor shall the Company be considered a trustee thereof. The Company shall maintain separate bookkeeping accounts for the Fund.

12.6.5 It is anticipated that all contributions to the Fund shall be expended for their intended purposes during the Fund's fiscal year in which contributions are made. Fund surpluses, if any, may be expended in the following fiscal year(s). Although the Company intends the Fund to be of a long term duration, the Company maintains the right to terminate the Fund at any time. The Fund shall not be terminated, however, until all monies in the Fund have been expended for advertising and promotional purposes.

12.6.6 The Fund is not and will not be an asset of the Company. An accounting of the operation of the Fund will be prepared annually and will be made available to Franchisee during regular business hours, upon Franchisee's written notice to the Company, once during each calendar year. The Company reserves the right, in its sole discretion, to require that such annual accounting include an audit of the operation of the Fund prepared by an independent certified public accountant selected by the Company and prepared at the expense of the Fund.

12.7 Advertising Cooperative. The Company shall have the right, in its sole discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Satellite Shop. If a Cooperative has been established applicable to the Satellite Shop at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Cooperative. If a Cooperative applicable to the Satellite Shop is established at any later time during the term of this Agreement, Franchisee shall become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. If the Satellite Shop is within the territory of more than one Cooperative, Franchisee shall be required to be a member of only one such Cooperative. If established, the following provisions shall apply to each Cooperative:

12.7.1 Each Cooperative shall be organized, governed, and administered in a form and manner, and shall commence operation on a date, approved in advance by the Company in writing;

12.7.2 Each Cooperative shall be organized for the exclusive purpose of administering regional advertising programs and developing, subject to the Company's approval, standardized advertising materials for use by the members in local advertising and promotion;

12.7.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without the prior approval of the Company. All such

plans and materials shall be submitted to the Company in accordance with the procedure set forth in Section 12.1 hereof;

12.7.4 Each Cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the Cooperative by majority vote. Each Rita's shop operated by the Company or an affiliate in a geographic area for which the Cooperative operates shall have voting power on any fees imposed by the Cooperative;

12.7.5 Each member franchisee shall submit to the Cooperative, no later than the tenth (10th) day of each month, for the preceding calendar month, its contribution as provided in Section 12.7.4 hereof, together with such other statements or reports as may be required by the Company or by the Cooperative with the Company's prior approval;

12.7.6 Franchisee's contribution to the Cooperative shall be in lieu of Franchisee's then-minimum local advertising and sales promotion expenditure as described in Section 12.4 hereof; provided, however, if Franchisee's contribution to the Cooperative does not at least equal the minimum required local advertising and sales promotion expenditure, Franchisee must expend the difference on local advertising and sales promotion as provided for in Section 12.4 hereof;

12.7.7 An unaudited accounting of the operation of the Cooperative will be prepared annually by the Cooperative and will be made available to Franchisee during regular business hours, once during each calendar year;

12.7.8 The Company, in its sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. The Company's decision concerning such request for exemption shall be final. If an exemption is granted to a Franchisee, Franchisee shall be required to expend on local advertising and sales promotion the full amount provided for in Section 12.4 hereof; and

12.7.9 Although each Cooperative when established is intended to be of perpetual duration, the Company maintains the right to change, dissolve, merge, or terminate any Cooperative. A Cooperative shall not be terminated, however, until all monies in that Cooperative have been expended for advertising and/or promotional purposes.

12.8 Advertising Materials. All advertising, printed materials, coupons, and promotion by Franchisee shall be in such media and of such type and format as the Company may approve, shall be conducted in a dignified manner, and shall conform to such standards and requirements as the Company may specify. Franchisee shall not use any advertising, coupons, or promotional plans or materials unless and until Franchisee has received written approval from the Company, pursuant to the procedures and terms set forth in Section 12.1 hereof. Franchisee shall not obtain a Website or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the rights granted hereunder without the Company's prior, written approval and, if such approval is granted, shall operate such Website in accordance with

the Company's standards and policies provided to Franchisee in the Manuals or otherwise in writing from time to time.

12.9 Minimum Requirements. Franchisee understands and acknowledges that the required expenditures and contributions in this Section 12 are minimum requirements only, and that Franchisee may, and is encouraged by the Company to, expend additional funds for advertising and promotion.

13. INSURANCE

13.1 Minimum Insurance Requirements. Franchisee shall maintain and comply with the same insurance requirements as set forth in Franchisee's main single unit Franchise Agreement or Agreements. As such Section 13 of Franchisee's main Franchise Agreement or Agreements is incorporated herein by reference and made a part of this Agreement as if set forth in full.

14. TRANSFER OF INTEREST

14.1 Company's Right to Transfer. The Company shall have the right to transfer or assign this Agreement and assign and delegate all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of the Company shall become solely responsible for all obligations of the Company under this Agreement from the date of assignment. Franchisee agrees hereby to consent to any such transfer, assignment or delegation and to execute such documents of attornment or otherwise as the Company shall request.

14.2 Franchisee's Right to Transfer. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that the Company has granted this franchise in reliance on Franchisee's (or, if Franchisee is a corporation, partnership or limited liability company, its principals') business skill, financial capacity, and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation, limited liability company or other legal entity which directly or indirectly owns any interest in Franchisee or in the Satellite Shop shall sell, assign, transfer, convey, pledge, encumber, merge, or give away this Agreement, any direct or indirect interest in Franchisee (including any direct or indirect interest in a corporate, partnership or limited liability company franchise), or in all or substantially all of the assets of the Satellite Unit, either voluntarily or by operation of law, unless Franchisee shall have first tendered to the Company the right of first refusal to acquire such interest in accordance with the provisions and other conditions set forth below, and then if the Company fails to exercise said right, only with the prior written consent of the Company, which consent will not be unreasonably withheld. Any purported assignment or transfer not having the prior written consent of the Company required by this Section 14.2 shall be null and void and shall constitute a material breach of this Agreement, for which the Company may immediately terminate without opportunity to cure pursuant to Section 15.2.6 of this Agreement. Franchisee acknowledges and agrees that under no circumstances may Franchisee transfer this Satellite Shop Agreement unless Franchisee also transfers its main single unit Franchise Agreement at the same time and on the same date. The Company reserves the

right, in its sole discretion, to allow the transfer of a Satellite Shop Agreement to an existing franchisee.

14.3 Notification and Conditions of Approval. Franchisee shall notify the Company in writing of any proposed transfer of this Agreement, any direct or indirect interest in Franchisee, or in all or substantially all of the assets of the Satellite Unit at least thirty (30) days before such transfer is proposed to take place. The Company shall not unreasonably withhold its consent to such a transfer; provided, however, that:

14.3.1 if a transfer, alone or together with other previous, simultaneous, or proposed transfers would have the effect of transferring this Agreement, a controlling interest in Franchisee (as determined by the Company), or substantially all of the assets of the Satellite Shop, the Company may, in its sole discretion, require any or all of the following as conditions of its approval:

14.3.1.1 That all of Franchisee's accrued monetary obligations and all other outstanding obligations to the Company and its affiliates have been satisfied;

14.3.1.2 That Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and the Company, or its affiliates;

14.3.1.3 That the transferor (including all partners, shareholders and members and managers of a corporate, partnership or limited liability company transferor) shall have executed a general release, in a form satisfactory to the Company, of any and all claims against the Company, its affiliates and their respective officers, directors, shareholders, and employees;

14.3.1.4 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) enter into a written assignment, in a form satisfactory to the Company, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; and all the owners of any interest in Franchisee and their spouses shall execute the Company's then-current form of guarantee of Franchisee's obligations hereunder;

14.3.1.5 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) demonstrate to the Company's satisfaction that it meets the Company's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the Satellite Shop (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the Satellite Shop;

14.3.1.6 That (a) the transferee shall execute, for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the then-current form of Satellite unit franchise agreement and other ancillary agreements as the Company may require for the Satellite Shop in all respects, except that the transferee shall not be required to pay any initial franchise fee; and (b) all owners of an interest

in Franchisee and such owners' spouses shall execute the Company's then-current form of guarantee of Franchisee's obligations under the franchise agreement;

14.3.1.7 That the transferor, at its expense, refurbish the Satellite Shop to conform to the Company's then-current standards and specifications, and complete the refurbishing and other requirements within the time specified by the Company. The Company may require the transferee to pay into escrow, in a non-interest bearing account, an amount of money equal to the estimated cost of such refurbishment as determined by the Company, to be held by the Company or a third party approved by the Company until the Satellite Shop has been brought into compliance with the Company's then-current standards as reasonably determined by the Company, and to execute the Company's then-current form of escrow agreement;

14.3.1.8 That Franchisee remain liable for all of the obligations to the Company in connection with the Satellite Shop which arose prior to the effective date of the transfer and which extend beyond the term hereof and execute any and all instruments reasonably requested by the Company to evidence such liability;

14.3.1.9 That the transferee (or, if the transferee is a corporation, partnership or limited liability company, a principal of the transferee acceptable to the Company), and the transferee's manager (if transferee or transferee's principal will not manage the Rita's Shop), at the transferee's expense, complete any training programs then in effect for franchisees and managers upon such terms and conditions as the Company may reasonably require;

14.3.1.10 That Franchisee pay a transfer fee in an amount equal to fifty percent (50%) of the Satellite Unit Franchise Fee being charged to new System franchisees at the time of the transfer; provided, however, in the case of a transfer to a corporation or limited liability company formed by Franchisee for the convenience of ownership, (a) no such transfer fee shall be required for transfers occurring prior to twelve (12) months from the date of execution of this Agreement, and (b) a transfer fee of two hundred dollars (\$200) shall be required for transfers occurring at or any time after twelve (12) months from the date of execution of this Agreement. The Company may, in its sole discretion, reduce the transfer fee if the transferee is an existing Rita's franchisee;

14.3.1.11 That transferor shall have first offered to sell any such controlling interest to the Company, pursuant to Section 14.6 hereof; and

14.3.1.12 if a transfer, alone or together with other previous, simultaneous, or proposed transfers would have the effect of transferring a non-controlling interest in Franchisee (as determined by the Company), the Company may, in its sole discretion, require that Franchisee pay a transfer fee in an amount equal to the mathematical product of (a) the percentage of interest in Franchisee being transferred, multiplied by (b) the transfer fee being charged under the then-current form of franchise agreement at the time of the transfer.

14.4 No Security Interest. Franchisee shall not grant a security interest in the Satellite Shop or in any of the assets of the Satellite Shop unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, the Company

shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event the Company exercises such option, any acceleration of indebtedness due to Franchisee's default shall be void.

14.5 Company's Option on Batch Machine. If Franchisee or other party owning any batch machine used in, or intended for use in, the operation of the Franchised Business desires to accept any bona fide offer from a third party to purchase the batch machine, such party shall first offer to sell the batch machine(s) to the Company. Franchisee shall notify the Company as provided in Section 14.3 hereof, and shall provide such information and documentation relating to the offer as the Company may require. The Company or its designated affiliate shall have the right and option, exercisable within fifteen (15) days after receipt of such written notification, to send written notice to the seller that the Company or its affiliate intends to purchase the batch machine(s).

14.6 Company's Right of First Refusal. Except as otherwise provided in Section 14.5 hereof, if any party holding any direct or indirect controlling interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Satellite Shop desires to accept any bona fide offer from a third party to purchase such interest, such party shall first offer to sell such interest to the Company on such terms and conditions as described in this Section 14.6. Franchisee shall notify the Company as provided in Section 14.3 hereof, and shall provide such information and documentation relating to the offer as the Company may require. The Company or its designated affiliate shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that the Company or its affiliate intends to purchase the seller's interest on the same terms and conditions offered by the third party. In the event the Company or its affiliate elects to purchase the seller's interest, no material change in any offer and no other offers by a third party for such interest shall be considered with respect to the Company's right of first refusal. In the event the Company or its affiliate elects to purchase the seller's interest, closing on such purchase shall occur within ninety (90) days from the date of notice to the seller of the election to purchase by the Company. In the event the Company or its affiliate elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by the Company or its affiliate as in the case of the third party's initial offer. Failure of the Company or its affiliate to exercise the option afforded by this Section 14.6 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 14, with respect to a proposed transfer. In the event the consideration, terms, and/or conditions offered by a third party are such that the Company or its designated affiliate may not reasonably be required to furnish the same consideration, terms, and/or conditions, then the Company or its affiliate may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, an independent appraiser shall be designated by the Company or its affiliate at the Company's expense, and the appraiser's determination shall be binding.

14.7 Death or Mental Incapacity. Upon the death or mental incapacity of any person with any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Satellite Unit, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by the Company within nine (9) months after such death

or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 14, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by the Company within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, the Company may terminate this Agreement, pursuant to Section 15.2.7 hereof.

14.8 Nonwaiver. The Company's consent to a transfer of any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Satellite Shop shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of the Company's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

14.9 Sale of Securities. All materials required for any offer or sale of securities of Franchisee by federal or state law shall be submitted to the Company for review, approval and consent prior to their being filed with any government agency; and any materials to be used in any exempt offering shall be submitted to the Company for review, approval and consent prior to their use. No Franchisee offering shall imply (by use of the Proprietary Marks or otherwise) that the Company is participating as an underwriter, issuer, or offeror of Franchisee's or the Company's securities; and the Company's review of any offering shall be limited solely to the subject of the relationship between Franchisee and the Company. Franchisee and the other participants in the offering must fully indemnify the Company in connection with the offering (subject to such limitations which are customary in offerings of this nature). For each proposed offering, Franchisee shall pay to the Company a non-refundable fee of Five Thousand Dollars (\$5,000), or such greater amount as may be necessary to reimburse the Company for its reasonable costs and expenses in connection with reviewing the proposed offering, including, without limitation, legal and accounting fees. If the documentation with respect to any such offer or sale is significantly less than what would normally be required in the case of such an offering, then the fee Franchisee shall pay to the Company for its costs and expenses shall be adjusted downward in order to reflect the amount of time actually expended in connection with such review. Franchisee shall give the Company written notice at least thirty (30) days prior to the date of commencement of any such offering. Any such offering shall be subject to the Company's right of first refusal as provided in Section 14.6 hereof.

14.10 Personal Guaranty of Principals. If Franchisee is a corporation, partnership or limited liability company, the Company reserves the right to require each shareholder, partner, member and manager (as the case may be) holding an interest in Franchisee to execute a covenant with the Company agreeing not to transfer any interest in Franchisee except in accordance with the terms and conditions of this Agreement, including without limitation, the Company's right of first refusal described in Section 14.6 hereof.

15. DEFAULT AND TERMINATION

15.1 Automatic Termination. Franchisee shall be deemed to be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without

notice to Franchisee, if Franchisee's main Single Unit Franchise Agreement is terminated for any reason, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; if Franchisee is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the Satellite Shop premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Satellite Shop shall be sold after levy thereupon by any sheriff, marshal, or constable.

15.2 Notice Without Opportunity to Cure. Franchisee shall be deemed to be in default and the Company may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, upon the occurrence of any of the following events of default:

15.2.1 If Franchisee fails to open the Satellite Shop within the time limits provided in Section 5.1 of this Agreement;

15.2.2 If Franchisee or any of its principles or, if applicable, Franchisee's manager fails to complete the initial training program described in Section 6 hereof to the Company's satisfaction;

15.2.3 If Franchisee at any time ceases to operate or otherwise abandons the Satellite Shop, loses the right to possession of the Satellite Unit Approved Location, or otherwise forfeits the right to do or transact business in the jurisdiction where the Satellite Shop is located. However, if, through no fault of Franchisee, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then Franchisee shall have thirty (30) days after such event in which to apply for the Company's approval to relocate and/or reconstruct the Satellite Unit Approved Location, which approval shall not be unreasonably withheld;

15.2.4 If Franchisee is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that the Company believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or the Company's interest therein;

15.2.5 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Satellite Shop;

15.2.6 If Franchisee transports any Proprietary Products by means other than refrigerated transportation approved by the Company, including, without limitation, Italian ice, to and from the Satellite Unit Approved Location;

15.2.7 If any purported assignment or transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Satellite Shop is made to any third party without the Company's prior written consent, contrary to the terms of Section 14 hereof;

15.2.8 If an approved transfer is not effected within the time provided following death or mental incapacity, as required by Section 14.7 hereof;

15.2.9 If Franchisee fails to comply with the covenants in Section 17.2 and Section 17.3 hereof or fails to obtain execution of the covenants required under Section 17.9 hereof;

15.2.10 If, contrary to the terms of Sections 9 or 10 hereof, Franchisee discloses or divulges the contents of the Manuals or other Confidential Information provided to Franchisee by the Company;

15.2.11 If Franchisee knowingly maintains false books or records, or submits any false reports or information to the Company;

15.2.12 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated therewith or the Company's rights therein;

15.2.13 If Franchisee refuses to permit the Company to inspect the Satellite Shop premises, or the books, records, or accounts of Franchisee upon demand;

15.2.14 If Franchisee, upon receiving a notice of default under Section 15.3 hereof, fails to initiate immediately a remedy to cure such default;

15.2.15 If Franchisee, after curing any default hereunder commits the same or a similar default again, whether or not cured after notice; or

15.2.16 If Franchisee commits two (2) or more defaults hereunder (whether or not cured after notice) in any twelve-month period, or

15.2.17 If Franchisee or any affiliate or principal of Franchisee is in default under any other agreement or promissory note with the Company or any affiliate of the Company.

15.3 Notice With Opportunity to Cure. Except as otherwise provided in Sections 15.1 and 15.2 of this Agreement, upon any other default by Franchisee, the Company may terminate this Agreement by giving written notice of termination stating the nature of such failure to Franchisee at least fourteen (14) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the Company's satisfaction within the fourteen-day period (or such longer period as may be required to cure said default by reason of the nature thereof or as applicable law may require). If any such default is not cured within the specified period, or such longer period as applicable law may require, this Agreement shall terminate automatically without further

notice to Franchisee, effective immediately upon the expiration of the fourteen-day period or such longer period as applicable law may require. Such defaults shall include, without limitation, the following illustrative events:

15.3.1 If Franchisee fails to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by the Manuals, or fails to carry out the terms of this Agreement in good faith;

15.3.2 If Franchisee fails, refuses, or neglects promptly to pay any monies owing to the Company or its affiliates when due, or to submit the financial or other information required by the Company under this Agreement;

15.3.3 If Franchisee fails to maintain or observe any of the specifications, standards or procedures prescribed by the Company in this Agreement, the Manuals, or otherwise in writing;

15.3.4 Except as provided in Section 15.2.6 hereof, if Franchisee fails, refuses, or neglects to obtain the Company's prior written approval or consent as required by this Agreement;

15.3.5 If Franchisee acts, or fails to act, in any manner which is inconsistent with or contrary to its lease or sublease for the premises, or in any way jeopardizes its right to renewal of such lease or sublease;

15.3.6 If Franchisee fails to maintain adequate product and service quality and facility cleanliness of the Satellite Shop, or fails to maintain necessary sanitation certificates, business licenses, or any other local, state or other governmental authorization to conduct the business contemplated under this Agreement; or

15.3.7 If Franchisee engages in any business or markets any service or product under a name or mark which, in the Company's opinion, is confusingly similar to the Proprietary Marks.

15.4 Cross Default. Default under this Agreement shall constitute a default under any Development Agreement between the parties, or affiliates of the parties, pursuant to which the Franchise Agreement was executed. A default under this Agreement for which this Agreement has been terminated shall constitute a default under any other franchise agreement between the parties hereto.

16. OBLIGATIONS UPON TERMINATION OR EXPIRATION

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

16.1 Cease Operations. Franchisee shall immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of the Company.

16.2 Cease Use of Confidential Information and Proprietary Marks. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System, the Proprietary Mark “Rita’s Ice-Custard-Happiness”, and other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, products, and any other articles which display the Proprietary Marks.

16.3 Cancellation of Assumed Name and Registrations. Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the Proprietary Marks, any other service mark or trademark of the Company or its affiliates, and Franchisee shall furnish the Company with evidence satisfactory to the Company of compliance with this obligation within ten (10) days after termination or expiration of this Agreement.

16.4 Assignment of Lease and Telephone Numbers/Deidentification. Franchisee shall, at the Company’s option, assign to the Company or its designee any interest which Franchisee has in any lease or sublease for the premises of the Franchised Business. In the event the Company or its designee does not elect to exercise its option to acquire the lease or sublease for the premises of the Franchised Business, Franchisee shall make such modifications or alterations to the premises (including, without limitation, the changing of, and the assigning to the Company or its designee of, any telephone number(s) and telephone listing(s)) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the premises from that of the Franchised Business under the System, and shall make such specific additional changes thereto as the Company may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 16.4, the Company shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee. Franchisee agrees to pay to the Company upon demand the Company’s then-current fee and expenses incurred for de-identifying the premises of the Franchised Business.

16.5 Use of Proprietary Marks Prohibited. Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in the Company’s sole discretion, is likely to cause confusion, mistake, or deception, or which, in the Company’s sole discretion, is likely to dilute the Company’s rights in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description, or representation (including but not limited to reference to the Company, the System, or the Proprietary Marks) which, in the Company’s sole discretion, suggests or represents a present or former association or connection with the Company, the System, or the Proprietary Marks.

16.6 Payment of Sums Owning. Franchisee shall promptly pay all sums owing to the Company and its affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys’ fees, incurred by the Company as a result of the default, which obligation shall give rise to and remain, until paid

in full, a lien in favor of the Company against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the premises operated hereunder at the time of default. In addition, the Company shall be entitled to recover from Franchisee the Company's lost profits in an amount equal to the mathematical product of (a) the number of months of the unexpired portion of Franchisee's initial term under this Agreement, multiplied by (b) Franchisee's average monthly royalty fee and Advertising Fee payments during the twelve-month period prior to termination. Franchisee acknowledges and agrees that such amount is a reasonable estimate of the Company's lost profits following termination of this Agreement. Franchisee further acknowledges and agrees that Franchisee is obligated to pay the Company for its lost profits due to Franchisee's breach of this Agreement, notwithstanding that the Company has terminated this Agreement.

16.7 Return of Manuals. Franchisee shall immediately deliver to the Company the Manuals, all copies, summaries, and extracts from it, and all other records, correspondence, newsletters, advertising layouts and instructions containing Confidential Information relating to the operation of the Franchised Business (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of the Company, and shall retain no copy or record of any of the foregoing, including any in electronic format, with the exception of Franchisee's copy of this Agreement, any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law. If Franchisee does not deliver all of the Manuals to the Company, Franchisee shall pay the Company five hundred dollars (\$500) for each Manual that Franchisee does not deliver to the Company.

16.8 Company's Option to Purchase Batch Machine. Should Franchisee be permitted to buy a batch machine for the Satellite Shop, the Company or its designated affiliate shall have the option, to be exercised within thirty (30) days after termination or expiration, to purchase from Franchisee each batch machine used in, or intended for use in, the operation of the Franchised Business for the fair market value. If the parties cannot agree on a fair market value of the batch machines within a reasonable time, an independent appraisal shall be conducted at the Company's expense and the appraiser's determination shall be binding

16.9 Company's Option to Purchase Assets. The Company or its designated affiliate shall have the option, to be exercised within thirty (30) days after termination or expiration, to purchase from Franchisee any or all of the Rita's Mixes, furnishings, equipment (except as provided in Section 16.8 hereof), signs, fixtures, stationery, letterhead, forms, packaging and advertising materials containing the Proprietary Marks, related to the operation of the Franchised Business at fair market value or at Franchisee's depreciated book value, whichever is less, and to purchase any or all supplies and inventory of the Franchised Business at Franchisee's cost or depreciated book value, whichever is less. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraisal shall be conducted at the Company's expense, and the appraiser's determination shall be binding. If the Company or its affiliate elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment thereof.

16.10 Post Term Covenants. Franchisee shall comply with the covenants contained in Section 17.3 of this Agreement.

16.11 Websites. Franchisee shall immediately irrevocably assign and transfer to the Company or its designee any and all interests Franchisee may have in any Website maintained by Franchisee in connection with the Franchised Business and in the domain name and home page address related to such Website. Franchisee shall immediately execute any documents and perform any other actions required by the Company to effectuate such assignment and transfer and otherwise ensure that all rights in such Website revert to the Company or its designee, and hereby appoints the Company as its attorney-in-fact to execute such documents on Franchisee's behalf if Franchisee fails to do so. Franchisee may not establish any Website using any similar or confusing domain name and/or home page address, including any site created and used for complaints against the Company its officers, directors or employees or personal attacks which use the Company's name or any variant thereof.

17. COVENANTS

17.1 Best Efforts. Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by the Company, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal, general partner or member or manager of Franchisee) or Franchisee's approved manager shall devote full time, energy, and best efforts to the management and operation of the Franchised Business hereunder.

17.2 In Term Covenants. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of the Company and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by the Company, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

17.2.1 Divert or attempt to divert any business or guest of Franchisee's Satellite Shop or any Rita's shop 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 Proprietary Marks and the System;

17.2.2 Unless released in writing by the employer, employ or seek to employ any person who is at that time employed by the Company or any franchisee or developer of the Company, or otherwise directly or indirectly to induce such person to leave his or her employment;

17.2.3 Own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a) is the same as, or substantially similar to, a Rita's shop; (b) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the Proprietary Products; or (c) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by a Rita's shop including, but not limited to, Italian ice, soft serve ice cream, custard, ice cream, frozen yogurt or other frozen confections, where the sale of such products constitutes or is intended to constitute five percent (5%) or more of the gross sales of the business operated or

intended to be operated. The prohibitions in this Section 17.2.3 shall not apply to interests in or activities performed in connection with a Rita's shop.

17.2.4 Franchisee shall not participate in any online forum that (a) is disparaging or critical of the Company, (b) is offensive, inflammatory or indecent, or (c) harms the goodwill and image of the system and/or the Proprietary Marks.

17.3 Post Term Covenants. Franchisee covenants that, except as otherwise approved in writing by the Company, Franchisee shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a)(i) is the same as, or substantially similar to, a Rita's shop; (ii) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the Proprietary Products including, but not limited to, Italian ice, soft serve ice cream, custard, ice cream, frozen yogurt or other frozen confections; or (iii) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by a Rita's shop where the sale of such products constitutes or is intended to constitute five percent (5%) or more of the gross sales of the business operated or intended to be operated; and (b) is, or is intended to be, located at or within:

17.3.1 Franchisee's Territory;

17.3.2 Three (3) miles of Franchisee's Territory; or

17.3.3 Three (3) miles of any Rita's shop operating under the System and the Proprietary Marks.

17.3.4 Three (3) miles of any former Rita's shop that closed less than two (2) years prior to the expiration or termination of this Agreement.

The prohibitions in this Section 17.3 shall not apply to interests in or activities performed in connection with a Rita's shop.

17.4 No Application to Equity Securities. Section 17.3 shall not apply to ownership by Franchisee less than a one percent (1%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities and Exchange Act of 1934.

17.5 Independent Covenants. 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 17 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, Franchisee 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 17.

17.6 Company's Reduction of Scope of Covenant. Franchisee understands and acknowledges that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 17.2 and 17.3 of this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees to comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 23 hereof.

17.7 No Defense. Franchisee expressly agrees that the existence of any claims Franchisee may have against the Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by the Company of the covenants in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by the Company in connection with the enforcement of this Section 17.

17.8 Injunctive Relief. Franchisee acknowledges that Franchisee's violation of the terms of this Section 17 would result in irreparable injury to the Company for which no adequate remedy at law may be available; and Franchisee accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by the Company in obtaining, an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section 17.

17.9 Covenants by Related Persons. Upon the Company's request, Franchisee shall provide the Company with executed covenants similar in substance to those set forth in Section 10 hereof and this Section 17 (including covenants applicable upon the termination of a person's relationship with Franchisee) from any salaried employee of Franchisee who is obligated to receive training from the Company and any family member who will receive training or have access to any of the Confidential Information of the Company. In no event shall any person described above be granted access to any confidential aspect of the System or the Franchised Business prior to execution of such a covenant. All covenants required by this Section 17 shall be in the form attached as Exhibit C and shall identify the Company as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Franchisee to obtain execution of a covenant required by this Section 17, and provide the same to the Company, shall constitute a material breach of this Agreement.

18. CORPORATE, PARTNERSHIP OR LIMITED LIABILITY COMPANY FRANCHISEE

18.1 Corporate Franchisee. A Franchisee which is a corporation shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

18.1.1 Franchisee shall furnish the Company with its Articles of Incorporation, Bylaws, other governing documents and any amendments thereto including the Resolution of the Board of Directors authorizing entry into this Agreement. The Company shall maintain the right to review other of Franchisee's corporate documents from time to time as it, in its sole discretion, deems advisable, including, but not limited to, minutes of the meetings of Franchisee's Board of Directors, any other documents the Company may reasonably request, and any amendments thereto.

18.1.2 Franchisee shall be a newly organized corporation, and shall at all times confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Satellite Shop contemplated hereunder.

18.1.3 Franchisee shall maintain stop transfer instructions against the transfer on its records of any equity securities; and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

The transfer of this stock is subject to the terms and conditions of a Franchise Agreement with Rita's Water Ice Franchise Company, LLC dated _____. Reference is made to the provisions of the said Franchise Agreement and to the Articles and Bylaws of this Corporation.

Notwithstanding the above, the requirements of this Section 18.1.3 shall not apply to a "publicly-held corporation." A "publicly-held corporation" for purposes of this Agreement shall mean a corporation registered pursuant to the Securities and Exchange Act of 1934.

18.1.4 Franchisee shall maintain a current list of all owners of record and to its knowledge, all beneficial owners of any class of voting securities of Franchisee and shall furnish the list to the Company upon request.

18.2 Partnership Franchisee. A Franchisee which is a partnership shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

18.2.1 Franchisee shall furnish the Company with its partnership agreement as well as such other documents as the Company may reasonably request, and any amendments thereto, which shall contain a restriction on transfer of any partnership interest without the prior written consent of the Company.

18.2.2 Franchisee shall prepare and furnish to the Company, upon request, a list of all general and limited partners in Franchisee.

18.3 Limited Liability Company Franchisee. A Franchisee which is a limited liability company shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

18.3.1 Franchisee shall furnish the Company with its operating agreement and other governing documents and any amendments thereto. The Company shall maintain the right to review other of Franchisee's limited liability company documents from time to time as it, in its sole discretion, deems advisable including all documents the Company may reasonably request, and any amendments thereto.

18.3.2 Franchisee shall be a newly organized limited liability company, and shall at all times confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to the management and operation of the business

contemplated hereunder, including the establishment and operation of the Rita's Shop contemplated hereunder.

18.3.3 Franchisee shall maintain a current list of all members and managers of record and shall furnish the list to the Company upon request.

18.4 Franchisee represents and warrants that, as of the Effective Date, the list of owners and their respective ownership interests described in the Data Sheet attached hereto is complete and accurate.

18.5 As a condition of the effectiveness of this Agreement, all owners with any interest in Franchisee and their spouses shall executed the Guarantee, Indemnification and Acknowledgment attached as Exhibit A hereto.

19. TAXES, PERMITS AND INDEBTEDNESS

19.1 Prompt Payment. Franchisee shall: (i) promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and (ii) pay in accordance with normal business practice all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business under this Agreement. Franchisee shall pay the Company an amount equal to any sales tax, a pro rata share of any state income tax imposed on the Company by the state in which the Franchised Business is located allocated among all franchisees under the System in such state, or similar tax imposed on the Company with respect to any payments to the Company required under this Agreement, unless the Company uses the tax as a credit against any tax based on or measured by net or gross income otherwise payable by the Company.

19.2 In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any material improvements thereon.

19.3 Franchisee shall comply in all material respects with all federal, state, and local laws, rules, and regulations (including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Satellite Shop), and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, health certificates, permits, fictitious name registrations, sales tax permits, and fire clearances.

19.4 Franchisee shall immediately notify the Company in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

20.1 No Agency. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, 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.

20.2 Independent Contractor. During the term of this Agreement and any extensions thereof, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from the Company. Franchisee agrees to take such action as may be reasonably requested by the Company to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the Satellite Shop, the content of which the Company reserves the right to specify.

20.3 Indemnification. It is understood and agreed that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on the Company's behalf, or to incur any debt or other obligation in the Company's name; and that the Company shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall the Company be liable by reason of any act or omission of Franchisee in its conduct of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or the Company. Franchisee shall indemnify and hold the Company, its affiliates and their respective officers, directors and employees harmless against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchised Business, as well as the costs, including attorneys' fees, of defending against them.

21. APPROVALS AND WAIVERS

21.1 Approval and Consent. Whenever this Agreement requires the prior approval or consent of the Company, Franchisee shall make a timely written request to the Company thereto, and such approval or consent must be obtained in writing.

21.2 No Warranties or Guarantees. The Company makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request thereto.

21.3 No Waiver. No failure of the Company to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of the Company's right to demand exact compliance with any of the terms herein. Waiver by the Company of any particular default by Franchisee shall not affect or impair the Company's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of the Company to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof, affect or impair the Company's right to exercise the same, nor shall such

constitute a waiver by the Company of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by the Company of any payments due to it hereunder shall not be deemed to be a waiver by the Company of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered or certified mail return receipt requested, overnight carrier, e-mail facsimile or by other means which affords the sender evidence of delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery shall be deemed to have been given at the date and time of receipt, or if delivery is refused, at the time and date of attempted delivery.

Notices to the Company:

RITA'S WATER ICE FRANCHISE
COMPANY, LLC
1210 Northbrook Drive, Suite 310
TREVOSE, PA 19053
ATTN: JONATHAN FORNACI, PRESIDENT
AND CHIEF EXECUTIVE OFFICER
(800) 677-7482
Notice@ritascorp.com

Notices to Franchisee:

Fax No. _____

23. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the attachments hereto, if any, constitute the entire, full, and complete agreement between the Company and Franchisee concerning the subject matter hereof and supersede any and all prior agreements. Internal policies of the Company shall not be part of this Agreement. Except for the covenants set forth in Section 17 hereof, no amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing. Nothing in this Agreement or any related agreement between Franchisee and the Company is intended to disclaim the representations made by the Company in its Franchise Disclosure Document.

24. SEVERABILITY AND CONSTRUCTION

24.1 Severability. Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid

jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

24.2 No Rights or Remedies Conferred Upon Other Parties. 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 the Company or Franchisee and such of their respective successors and assigns as may be contemplated by Section 7 hereof, any rights or remedies under or by reason of this Agreement.

24.3 Promises and Covenants. Franchisee expressly agrees to be bound by any promise or covenants 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 the Company is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

24.4 Captions and Headings. 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.

24.5 Survival. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

25. APPLICABLE LAW; DISPUTE RESOLUTION

25.1 Applicable Law. This Agreement takes effect upon its acceptance and execution by the Company, and shall be interpreted and construed under the laws of the Commonwealth of Pennsylvania, which laws shall prevail in the event of any conflict of law.

25.2 Jurisdiction and Venue. Except as otherwise set forth herein, all disputes between the parties shall be brought in, and the parties expressly agree to the jurisdiction and venue of, any court of general jurisdiction in Philadelphia County, Pennsylvania the United States District Court for the Eastern District of Pennsylvania. All appeals from or relating to any arbitration which may be had in accordance with this Section 25 shall be heard before a federal court in that district.

25.3 Mediation. At the Company's sole discretion, any disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, shall first be submitted for mediation administered by the American Arbitration Association ("AAA") in accordance with its Commercial Mediation Procedures before resorting to arbitration, litigation, or some other dispute resolution procedure. If submitted to mediation, the same shall take place before a sole mediator in Philadelphia, Pennsylvania at the office of the

AAA located in Philadelphia, Pennsylvania. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between the Company and Franchisee.

25.4 Arbitration. At the Company's sole discretion, disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, will be submitted to arbitration at the office of the AAA located in Philadelphia, Pennsylvania in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the AAA. Any disputes to be resolved by arbitration shall be governed by the Federal Arbitration Act, as amended.

25.4.1 The following shall supplement and, in the event of a conflict, shall govern any dispute submitted to arbitration. The parties shall select one arbitrator from the panel provided by the AAA and the arbitrator shall use the laws of Pennsylvania for interpretation of this Agreement. In selecting the arbitrator from the list provided by the AAA, the Company and Franchisee shall make the selection by the striking method. The arbitrator shall be a member of the Pennsylvania bar. The parties may conduct one discovery deposition of the opposing party and no other discovery depositions unless the arbitrator believes it is necessary. Each party shall be entitled to file a motion to dismiss, a motion for summary judgment and a motion in limine and to propound up to ten interrogatories and a request for production of documents. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The arbitrator's award shall include interest from the date of any damages incurred, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator, but in no event less than 1.5% per month, or part of a month, from the date until paid. The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator's fee, attorneys' fees, interest, and costs of investigation. The arbitration hearings shall be completed within 150 days of the filing of the arbitration demand.

25.4.2 The arbitrator shall have no authority to amend or modify the terms of the Agreement. The Company and Franchisee further agree that, unless such a limitation is prohibited by applicable law, neither the Company nor Franchisee shall be liable for punitive or exemplary damages, and the arbitrator shall have no authority to award the same. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the Company and Franchisee. Judgment upon the award of the arbitrator shall be submitted for confirmation to the United States District for the Eastern District of Pennsylvania or the Philadelphia Court of Common Pleas, and, if confirmed, may be subsequently entered in any court having competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

25.5 Limitation. Any and all claims that Franchisee may have relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, against the Company, its affiliates, officers, directors, and employees shall be made by filing a claim hereunder within one (1) year following the conduct, act or other event or

occurrence first giving rise to the claim. Failure by Franchisee to file a claim within one (1) year will result in the loss and waiver forever of such claim.

25.6 Injunctive Relief. Nothing contained in this Agreement shall prevent the Company from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect the Company's interests.

25.7 The Company's Costs and Expenses. Except as expressly provided by Sections 25.2 hereof, Franchisee shall pay all expenses, including attorneys' fees and costs, incurred by the Company, its affiliates, and its successors and assigns (a) to remedy any of Franchisee's defaults of, or enforce any of the Company's rights under, this Agreement; (b) to effect termination of this Agreement; and (c) to collect any amounts due under this Agreement.

25.8 Rights and Remedies Not Exclusive. No right or remedy conferred upon or reserved to the Company 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.

25.9 Best Efforts. The parties hereto agree to use their best efforts to fulfill the terms of this Agreement. In connection therewith, Franchisee agrees to execute all documents necessary to fulfill the terms of this Agreement and hereby appoints the Company as its attorney in fact to do so in the event that Franchisee fails to do so after reasonable request from the Company.

25.10 WAIVER OF RIGHTS. THE COMPANY AND FRANCHISEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE AS FOLLOWS:

25.10.1 THE COMPANY AND FRANCHISEE BOTH EXPRESSLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY; AND

25.10.2 THE COMPANY AND FRANCHISEE BOTH EXPRESSLY WAIVE ANY CLAIM FOR PUNITIVE, MULTIPLE, AND/OR EXEMPLARY DAMAGES, except that THE COMPANY shall be free at any time hereunder to bring an action for willful trademark infringement and, if successful, to receive an award of multiple damages as provided by law.

25.10.3 THE FRANCHISEE WILL NOT BE ABLE TO BRING A CLASS ACTION OR OTHER REPRESENTATIVE ACTION IN COURT NOR WILL FRANCHISEE BE ABLE TO BRING ANY CLAIM IN ARBITRATION AS A CLASS ACTION OR OTHER REPRESENTATIVE ACTION. FRANCHISEE WILL NOT BE ABLE TO BE PART OF ANY CLASS ACTION OR OTHER REPRESENTATIVE ACTION BROUGHT BY ANYONE ELSE, OR BE REPRESENTED IN A CLASS ACTION OR OTHER REPRESENTATIVE ACTION.

26. ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTIES

26.1 Independent Investigation. Franchisee acknowledges that it has conducted an independent investigation of the business contemplated hereunder, 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 businessman, or if Franchisee is a corporation, partnership or limited liability company, its owners as independent businessmen. The Company expressly disclaims the making of, and Franchisee expressly disclaims receiving any warranty, representation or guarantee, express or implied, not contained express in this Agreement including, without limitation, as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement. Franchisee also expressly disclaims relying upon any such warranty, representation or guarantee in connection with Franchisee's independent investigation of the business contemplated hereunder.

26.2 Receipt of Agreement. Franchisee acknowledges that it received the Company's current Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it received a completed copy of this Agreement, and all related agreements attached to the Franchise Disclosure Document, with any changes to such agreements unilaterally and materially made by the Company at least seven (7) calendar days prior to the date on which this Agreement and all related agreements were executed.

26.3 Opportunity to Consult with Advisors. Franchisee acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto; and, that the Company has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

26.4 Compliance With Anti-Terrorism Laws. Franchisee acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Executive Order"), the Company is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order. Accordingly, Franchisee represents and warrants to the Company that as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee is designated under the Executive Order as a person with whom business may not be transacted by the Company, and that Franchisee (a) does not, and hereafter shall not, engage in any terrorist activity; (b) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (c) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed, and delivered this Agreement on the day and year first above written.

WITNESS:

FRANCHISEE

WITNESS:

ATTEST:

Name: _____

Name: _____

**RITA'S WATER ICE FRANCHISE
COMPANY, LLC**

By: _____

Title: _____

**EXHIBIT A TO
RITA'S WATER ICE FRANCHISE COMPANY, LLC
SATELITE UNIT FRANCHISE AGREEMENT**

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT

As an inducement to Rita's Water Ice Franchise Company, LLC ("the Company") to execute the Satellite Unit Franchise Agreement between the Company and _____ ("Franchisee") dated _____, 20__ (the "Agreement"), the undersigned _____ ("Guarantor(s)"), jointly and severally, hereby unconditionally guarantee to the Company and its successors and assigns that all of Franchisee's obligations under the Agreement will be punctually paid and performed.

Upon demand by the Company, the undersigned will immediately make each payment required of Franchisee under the Agreement. The undersigned hereby waive any right to require the Company to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the undersigned under this Guarantee, the Company may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby agree to defend, indemnify, and hold the Company harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the Franchisee's confidentiality provisions and non-competition covenants contained in Sections 10 and 17 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect. In the event of a transfer of any interest of a guarantor in the Franchisee, such guarantor shall not be released from its obligations under this Guarantee.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 25 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the Commonwealth of Pennsylvania which laws shall prevail in the event of any conflict of law. The other dispute resolution provisions of Section 25 of the Agreement shall apply to this Guarantee.

Any and all notices required or permitted under this Agreement shall be in writing, and shall be delivered by any means which affords the sender evidence of delivery or of attempted delivery, 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 the Company:

RITA'S WATER ICE FRANCHISE
COMPANY, LLC
1210 Northbrook Drive, Suite 310
TREVOSE, PA 19053
ATTN: JONATHAN FORNACI,
PRESIDENT AND CHIEF EXECUTIVE
OFFICER
(800) 677-7482
Notice@ritascorp.com

Notices to Guarantors:

Notice shall be deemed to have been given at the date and time of delivery or of attempted delivery.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

WITNESS:

GUARANTORS:

WITNESS:

WITNESS:

**EXHIBIT B TO
RITA’S WATER ICE FRANCHISE COMPANY, LLC
SATELITE UNIT FRANCHISE AGREEMENT**

DATA SHEET (Part 1)

(To be completed by the Effective Date)

- A. The Company: Rita’s Water Ice Franchise Company, LLC
- B. The Company’s Address: 1210 Northbrook Drive, Suite 310,
Trevose, Pennsylvania 19053
- C. _____
Franchisee: _____
Address: _____

- D. Satellite Unit Franchise Fee: _____
- E.. Transfer Fee: Fifty percent of then-current Satellite Unit Franchise Fee (less for transfer of non-controlling interest in Franchisee)
- F.. Renewal Fee: Fifty percent of then-current Satellite Unit Franchise Fee
- G. Initial Term:
1. Commencing: Effective Date (See p. 1)
2. Expiring: On the same date that the Franchisee’s Rita’s Franchise Agreement for the Rita’s Shop expires (see section 2.1).
- H. Franchisee represents and warrants that, as of the Effective Date, the following is a complete and accurate summary of the ownership interests of all of the owners of the Franchisee:

Owner’s Name	Ownership Interest

WITNESS:

FRANCHISEE

(Name)

(Name)

(Name)

ATTEST:

**RITA'S WATER ICE FRANCHISE
COMPANY, LLC**

BY: _____

TITLE: _____

DATA SHEET (Part 2)
(To be completed on opening of Satellite Shop)

A. Franchisee's Approved Location _____

B. Franchisee's Territory: _____

WITNESS:

FRANCHISEE

(Name)

(Name)

ATTEST:

**RITA'S WATER ICE FRANCHISE
COMPANY, LLC**

BY: _____

TITLE: _____

**EXHIBIT B TO
RITA'S WATER ICE FRANCHISE COMPANY, LLC
SATELITE UNIT FRANCHISE AGREEMENT**

DATA SHEET (PART 3)

(To be completed on opening of Satellite Shop)

I acknowledge that the Satellite Unit described below opened for business on the date indicated below:

Satellite Unit Address:

Date of Commencement of Operation:

WITNESS:

FRANCHISEE:

Name: _____

WITNESS:

Name: _____

**EXHIBIT C TO
RITA'S WATER ICE FRANCHISE COMPANY, LLC
SATELITE UNIT FRANCHISE AGREEMENT**

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease entered into by and between Lessor and _____, a franchisee in the Rita's Water Ice System hereby:

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

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the defaults, if any, of Assignor under the Lease;

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

DATED: _____

LESSOR:

**EXHIBIT C TO
RITA’S WATER ICE FRANCHISE COMPANY, LLC
SATELITE UNIT FRANCHISE AGREEMENT**

CONDITIONAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (“Assignor”) hereby assigns and transfers to Rita’s Water Ice Franchise Company, LLC, a Delaware limited liability company (“Assignee”), all of Assignor’s right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the “Lease”) respecting premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

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

Upon a default by Assignor under the Lease or under the Satellite unit franchise agreement for an Satellite Unit between Assignee and Assignor (the “Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

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

WITNESS:

ASSIGNOR:

WITNESS:

ASSIGNOR:

**EXHIBIT D TO
RITA'S WATER ICE FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT**

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained, salaried employees of Franchisee)

In consideration of my being a _____ of _____ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. _____, doing business as _____ (the "Franchisee"), has acquired the right and franchise from Rita's Water Ice Franchise Company, LLC (the "Company") to establish and operate a Rita's shop Satellite unit (the "Rita's Shop" or "Franchised Business") and the right to use in the operation of the Rita's Shop the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Rita's shops (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: _____ (the "Approved Location").

2. The Company has developed, and may hereafter develop, unique formulas and methods for preparing Italian ice, and offers and sells, to the public, frozen custard and other food products pursuant to unique and original formulas, trade secrets, quality standards, and specifications prepared from proprietary and/or approved mixes at Rita's shops (collectively, the "Proprietary Products"). The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary and/or approved mixes, ingredients, formulae, recipes and methods of preparation of certain food products, and methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As _____ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, Rita's Systems Manuals (the "Manuals") and other general assistance during the term of this Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a) is the same as, or substantially similar to, a Rita's shop; (b) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the Proprietary Products; or (c) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by a Rita's shop where the sale of such products constitutes or is intended to constitute five percent (5%) or more of the gross sales of the business operated or intended to be operated; and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a)(i) is the same as, or substantially similar to, a Rita's shop; (ii) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the Proprietary Products including, but not limited to, Italian ice, soft serve ice cream, custard, ice cream, frozen yogurt or other frozen confections; or (iii) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by a Rita's shop where the sale of such products constitutes or is intended to constitute five percent (5%) or more of the gross sales of the business operated or intended to be operated; and (b) is, or is intended to be, located at or within:

7.1 Three (3) miles of Franchisee's Rita's Shop ("Franchisee's Territory");

7.2 Three (3) miles of Franchisee's Area; or

7.3 Three (3) miles of any Rita's shop operating under the System and the Proprietary Marks.

7.4 Three (3) miles of any former Rita's shop that closed less than two (2) years prior to the expiration or termination of this Agreement.

The prohibitions in this Section 7 do not apply to my interests in or activities performed in connection with a Rita's shop. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly-held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature: _____

Name: _____

Address: _____

Title: _____

ACKNOWLEDGED BY FRANCHISEE

By: _____

Name: _____

Title: _____

**EXHIBIT G-3 TO
FRANCHISE DISCLOSURE DOCUMENT**

EXPRESS UNIT AGREEMENT

RITA'S WATER ICE FRANCHISE COMPANY, LLC

EXPRESS UNIT FRANCHISE AGREEMENT



**RITA’S WATER ICE FRANCHISE COMPANY, LLC
EXPRESS UNIT FRANCHISE AGREEMENT**

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**RITA’S WATER ICE FRANCHISE COMPANY, LLC
EXPRESS UNIT FRANCHISE AGREEMENT**

This agreement (“Agreement”) dated, made and entered into this ____ day of _____, 20__ (“Effective Date”) by and between Rita’s Water Ice Franchise Company, LLC, a Delaware limited liability company with its principal place of business at 1210 Northbrook Drive, Suite 310, Trevoze, Pennsylvania 19053 (the “Company”), and _____, a _____, with its principal place of business at _____ (“Franchisee”).

W I T N E S S E T H

WHEREAS, the Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a unique and distinctive format and system (the “System”) relating to the establishment and operation of Rita’s shops, which feature and offer for sale to the public the Company’s Italian ice and an approved limited menu of other items which may include soft pretzels and “Rita’s Old Fashioned Custard” frozen custard under the trade name, “Rita’s Ice-Custard-Happiness”;

WHEREAS, the distinguishing characteristics of the System include, but are not limited to, design and appearance specifications, uniform standards, specifications, and procedures for operations, equipment, inventory and staffing; quality and uniformity of products and services such as Italian ice formulas, methods of preparation, specifications, and freshness standards; employee training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by the Company from time to time;

WHEREAS, the Company identifies the System by means of certain trade names, service marks, trademarks, trade dress, logos, emblems, and indicia of origin, including, but not limited to, the mark “Rita’s Ice-Custard-Happiness”, and such other trade names, service marks, and trademarks as are now designated and may hereinafter be designated by the Company in writing for use in connection with the System (the “Proprietary Marks”);

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

WHEREAS, the Company has developed, and may hereafter develop, unique formulas and methods for preparing Italian ice, and offers and sells, to the public, frozen custard, gelati, Misto shakes and other food products pursuant to unique and original formulas, trade secrets, quality standards, and specifications prepared from proprietary and/or approved mixes at Rita’s shops (collectively, the “Proprietary Products”); and

WHEREAS, Franchisee desires to establish a Rita’s shop in a location which, may or may not operate seasonally or during certain limited time frames and/or in unique locations like sport venues, malls, and other similar locations due to a number of possible reasons, and which

may not offer the full menu of Proprietary Products sold at a Rita's shop utilizing the Company's System and Proprietary Marks (the "Express Unit" or "Franchised Business") and wishes to obtain a franchise from the Company for that purpose, as well as to receive the training and other assistance provided by the Company in connection therewith; and

WHEREAS, Franchisee understands the necessity of operating the business franchised hereunder in conformity with this Agreement and with the Company's standards and specifications; and Franchisee has read this Agreement and the Company's Franchise Disclosure Document; and Franchisee understands and accepts the terms, conditions and covenants herein contained as being reasonably necessary to maintain the Company's high standards of quality, cleanliness, appearance, and service.

NOW, THEREFORE, in consideration of the mutual covenants and commitments herein contained, the parties hereby agree as follows:

1. GRANT

1.1 Grant of Franchise. The Company hereby grants to Franchisee, upon the express terms and conditions herein contained, the right and franchise, and Franchisee undertakes the obligation, to establish and operate an Express unit, and the right to use in the operation of the Express Unit the Proprietary Marks and the System, as they may be changed, improved, and further developed from time to time in the Company's sole discretion, only at the location set forth on the data sheet which is attached as Exhibit B hereto (the "Data Sheet").

1.2 Approved Location. The exact street address of the location authorized and approved hereunder for the operation of the Express Unit is set forth in the Data Sheet (the "Express Unit Approved Location"). Franchisee shall not relocate the Express Unit out of the Express Unit Approved Location without obtaining the prior written consent of the Company in the manner required by Section 5.5.1 hereof.

1.3 Franchisee's Territory. Franchisee acknowledges that the Company retains the rights, among others, to establish and operate, and license other parties to establish and operate, Rita's shops and other types of locations (including, without limitation, satellite units and kiosks) under the System and utilizing Proprietary Marks anywhere outside of the Express Unit Approved Location.

1.4 Alternate Channels of Distribution. Franchisee acknowledges and agrees that nothing contained herein shall preclude the Company, the Company's affiliates, or the Company's licensees or designees, from selling any of its Proprietary Products through such channels of distribution other than through Rita's shops as the Company, in its sole discretion, shall determine, including, but not limited to, supermarkets, convenience stores, markets, grocery stores, machines, variety stores, electronic distributions via computer networks (including, without limitation, the World Wide Web, other areas of the Internet and/or other on-line networks); catalogs; direct mail; and other communications methods now or hereafter devised of any nature whatsoever. The Company reserves the right, among others, to implement any distribution arrangements relating thereto. Franchisee understands that this Agreement grants Franchisee no rights (1) to distribute such products through such channels of distribution as

described in this Section 1.4, or (2) to share in any of the proceeds received by any such party therefrom.

1.5 Rights Limited to Retail Sale. The rights granted to Franchisee hereunder shall only include the right to sell the menu items of the Express Unit from the Approved Location to retail guests for actual consumption at the Express Unit premises or for personal carry-out consumption. The rights granted to Franchisee hereunder shall specifically exclude, among others, any right to sell any product for resale; to sell any product at or from any place except the Approved Location; and to prepare any product at any place, or deliver any product from any place, other than at or from the Approved Location.

2. TERM AND RENEWAL

2.1 Term. This Agreement shall commence upon its acceptance and execution by the Company and shall expire ten (10) years from the date of opening of the Express Unit, except as otherwise provided herein.

2.2 Renewal. Franchisee may, subject to the following conditions, renew this Agreement for one (1) additional, consecutive term of ten (10) years. Franchisee's right to renew shall be specifically subject to the following conditions, all of which must be satisfied prior to the time when Franchisee shall have the right to exercise its right to renew:

2.2.1 Franchisee shall give the Company written notice of Franchisee's election to renew not less than seven (7) months nor more than ten (10) months prior to the end of the then-current term;

2.2.2 Franchisee shall make or provide for, in a manner satisfactory to the Company, such renovation and modernization of the Express Unit, its signs and equipment and effectuate and incorporate any changes in products, services or the System in accordance with the Company's then-current standards, practices and image of the System. If Franchisee's Express Unit is operated seasonally and the term of this Agreement is due to expire when the Express Unit is open for the season, then all such renovations and modernizations shall be completed after the Express unit has closed for the prior season and before the re-opening of the Express Unit for the final season of the then-current term. The Company may require Franchisee to pay into escrow, in a non-interest bearing account, an amount of money equal to the estimated cost of such renovation and modernization as determined by the Company, to be held by the Company or a third party approved by the Company until the Express Unit has been brought into compliance with the Company's then-current standards as reasonably determined by the Company, and to execute the Company's then-current form of escrow agreement;

2.2.3 Franchisee shall not be or have been in default at any time during the initial term, in any material respect, of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee (or, if Franchisee is a corporation, its officers, directors, or shareholders; or, if Franchisee is a partnership, its partners; or if Franchisee is a limited liability company, its members or managers) or its affiliates and the Company, its affiliates, or any principal of the Company or its affiliates;

2.2.4 Franchisee shall have satisfied all monetary obligations owed by Franchisee, or its officers, directors, shareholders, partners, members, managers and affiliates to the Company, its affiliates, and any principal of the Company or its affiliates, under this and any other agreement between them and shall have timely met those obligations throughout the term of this Agreement;

2.2.5 Franchisee shall present evidence satisfactory to the Company that Franchisee has the right to remain in possession of the Express Unit Approved Location for the duration of the renewal term or shall obtain the Company's approval of a new location for the Express Unit for the duration of the renewal term;

2.2.6 Franchisee shall, at the Company's option, execute the Company's then-current form of renewal Express Unit Agreement which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including a higher royalty fee and advertising contribution;

2.2.7 If permitted by applicable state law, Franchisee shall execute a general release, in a form prescribed by the Company, of any and all claims against the Company and its affiliates, and their respective officers, directors, agents, and employees;

2.2.8 Franchisee shall comply with the Company's then-current qualification and training requirements; and

2.2.9 Franchisee shall pay the Company a renewal fee in an amount equal to fifty percent (50%) of the then-current initial franchise fee being charged generally for an Express Unit.

3. DUTIES OF THE COMPANY

3.1 Plans and Specifications. The Company shall make available, at no charge to Franchisee, the Company's standard plans and specifications for a prototypical Express Unit, including exterior and interior design and layout, fixtures, furnishings, and signs. Franchisee acknowledges that such plans and specifications shall not contain the requirements of any federal, state or local law, code or regulation (including, without limitation, those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities).

3.2 Training. The Company shall provide training as set forth in Section 6 of this Agreement.

3.3 Pre-Opening Assistance. The Company shall provide such on-site pre-opening and opening supervision and assistance as the Company deems advisable.

3.4 Advertising and Promotional Material. The Company shall provide to Franchisee from time to time advertising plans and promotional materials, including newspaper mats, coupons, point-of-purchase materials, special promotions, direct mail materials, and similar advertising and promotional materials. In addition, the Company will provide, at no additional

cost, a reimbursement of up to (3) cases of cherry ice mix to Franchisee in connection with the Grand Opening Promotion give-away required under Section 12.2 hereof.

3.5 Proprietary Products. The Company shall make available to Franchisee for sale, or designate or approve other suppliers who shall make available to Franchisee for sale, certain ingredients required for Franchisee's preparation of certain Proprietary Products, including, without limitation, the Company's proprietary Italian ice mix; custard mix; and ingredients for such other menu items as the Company may designate from time to time (collectively, "Rita's Mixes"). The Company has the right, from time to time, to require for sale, as specified in the Manuals or otherwise in writing, various menu items and products and services other than the Proprietary Products ("Additional Products").

3.6 Manuals. The Company shall provide Franchisee with electronic access to the Company's Confidential System Manuals (the "Manuals") via the Internet, extranet, or other electronic means, as more fully described in Section 9 hereof for Franchisee's use during the term of this Agreement only. During the term of this Agreement, the Company will provide Franchisee with modifications, additions and deletions to the Manuals from time to time in the manner determined by the Company. A paper copy of the Manuals may be supplied upon request.

3.7 Ongoing Advice. The Company shall provide to Franchisee from time to time, as the Company deems appropriate, advice and written materials concerning techniques of managing and operating the Express Unit, including, but not limited to, required and suggested inventory and sales methods, new developments and improvements in Franchised Business layout and design, and new developments in products and marketing techniques.

3.8 Inspections. The Company shall conduct from time to time such inspections of Franchisee's operation of the Express Unit as it deems advisable.

3.9 Advertising Fund. The Company shall have the right, without the obligation, to establish and administer an advertising fund in the manner set forth in Section 12 hereof.

3.10 Performance by Designee. Franchisee acknowledges and agrees that any duty or obligation imposed on the Company by this Agreement may be performed by any designee, employee, or agent of the Company, as the Company may direct.

4. FEES

4.1 Express Unit Franchise Fee. In consideration of the franchise granted herein, Franchisee shall pay to the Company an initial express unit franchise fee (the "Express Unit Franchise Fee") of Fifteen Thousand Dollars (\$15,000) upon execution of this Agreement which shall be deemed fully earned and non-refundable, in consideration of the administrative and other expenses incurred by the Company in entering into this Agreement and for the Company's lost or deferred opportunity to enter into this Agreement with others.

4.2 Royalty Fee. During the term of this Agreement, Franchisee shall pay the Company a continuing royalty fee which shall be the mathematical product, calculated by the Company, determined by multiplying six and one-half percent (6.5%) times the Company's

estimate of the amount of gross sales to be derived by Franchisee from the retail sale of the products (less any portion of the gross sales that must be paid directly by Franchisee to the Express Unit Approved Location operators), that will be prepared from the Rita's Mixes, which estimate is determined by using the retail prices submitted by Franchisee. Franchisee shall pay this royalty fee upon Franchisee's purchase of each Rita's Mix as described in Section 7.3.3 hereof.

4.2.1 In addition to the fee described in Section 4.2 above, Franchisee shall pay the Company, on a monthly basis, six and one-half percent (6.5%) of the gross sales of all Additional Products, as further defined in Section 4.4 hereof ("Gross Sales") sold at the Express Unit in the preceding month. Franchisee shall pay such fee to the Company by the fifteenth (15th) day of each month for Gross Sales in the preceding month.

4.3 Advertising Expenditures and Contributions. Franchisee shall make monthly expenditures and contributions for advertising and promotion as specified in Section 12 hereof.

4.4 "Gross Sales" Defined. As used in this Agreement the term "Gross Sales" means all revenue from the sale of all products and services and all other income of every kind and nature, except revenue from the sale of the products described in Section 4.2 hereof, related to the Express Unit, whether for cash or credit, and regardless of collection in the case of credit, however, "Gross Sales" shall not include (a) any sales taxes or other taxes collected from guests and paid directly to the appropriate taxing authority, or (b) the value of any gift card sold.

4.5 Interest on Overdue Payments. All payments shall be timely delivered to the Company or its affiliates together with any reports or statements required under Section 11 hereof. Any payment or report not actually received by the Company on or before the date due shall be deemed overdue. If any payment is overdue, Franchisee shall pay the Company, in addition to the overdue amount, interest on such amount from the date it was due until paid, at the rate of eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less, together with reasonable attorneys' fees, costs of investigation and costs of filing a lawsuit. In addition, if any monthly report required by Section 11.3.1 below is not received when due, all payments owed by Franchisee for such month shall be deemed overdue until such reports are received by the Company, regardless of whether payment was actually made, and Franchisee shall be responsible for applicable interest as described in this Paragraph 4.5. Entitlement to such interest shall be in addition to any other remedies the Company may have under this Agreement, at law or in equity. Franchisee shall not be entitled to set-off any payments required to be made under Sections 4, 7, and 12 hereof against any monetary claim Franchisee may have against the Company. The Company reserves the right to require that payments to the Company or its affiliates required by Sections 4, 7, and 12 hereof be made by electronic fund transfer, as provided in Section 4.6 hereof.

4.6 Electronic Funds Transfer. If the Company designates that payments required under Sections 4, 7, and 12 hereof be made by electronic fund transfer, Franchisee shall deposit into one bank account and maintain sufficient revenue to cover payments due to the Company and its affiliates. Franchisee shall furnish to the Company, upon the Company's request, such bank and account number, a voided check from such bank account, and written authorization for the Company to withdraw funds from such bank account via electronic funds transfer without

further consent or authorization for Franchisee's payments to the Company and its affiliates under this Agreement. Franchisee agrees to execute any and all documents as may be necessary to effectuate and maintain the electronic funds transfer arrangement, as required by the Company. In the event Franchisee changes banks or accounts for the bank account required by this Section 4.6, Franchisee shall, prior to such change, provide such information concerning the new account and an authorization to make withdrawals therefrom. Franchisee's failure to provide such information concerning the bank account required by this Section 4.6 or any new account, or Franchisee's withdrawal of consent to withdrawals for whatever reason and by whatever method shall be a breach of this Agreement. The Company shall have the right to charge Franchisee its then-current overdraft fee in the event that there are insufficient funds to cover payments due to the Company and its affiliates.

5. OPENING OF FRANCHISED BUSINESS; RELOCATION

5.1 Opening. Franchisee shall commence operation of the Express Unit not later than nine (9) months after the date of execution of this Agreement. Franchisee's failure to open the Express Unit within this time period shall be considered a material breach and default under this Agreement and will entitle the Company to terminate this Agreement pursuant to Section 15 hereof.

5.2 Renovation and Construction. Franchisee shall renovate or construct, and equip the Express Unit at Franchisee's own expense. Before commencing any renovation or construction of the Express Unit, Franchisee, at its expense, shall employ a qualified architect or engineer, if required by law, to prepare preliminary and final architectural and engineering drawings and specifications of the Franchised Business in accordance with the Company's standard plans and specifications. Such preliminary and final drawings and specifications shall be submitted to the Company for its prior written approval. The drawings and specifications shall not thereafter be changed or modified without the prior written approval of the Company. The Company's approval shall not relate to Franchisee's obligations with respect to any federal, state or local laws, codes or regulations including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Express Unit, which shall be Franchisee's sole responsibility.

5.3 Permits and Clearances. Franchisee shall be responsible, at Franchisee's expense, for conforming the premises to local ordinances, building codes and the ADA, and for obtaining all zoning classifications, permits, and clearances, including, but not limited to, certificates of occupancy and mall clearances, which may be required by federal, state or local laws, ordinances, or regulations.

5.4 Pre-Opening Inspection. Franchisee shall provide at least fourteen (14) days prior notice to the Company of the date on which Franchisee proposes to open the Express Unit for business. The Company shall have the right, at its option, to inspect, approve, and require changes to, the Express Unit prior to its opening for business. Franchisee shall not open the Express unit without the Company's prior written approval, which approval shall not be unreasonably withheld. The parties agree that time is of the essence in the opening of the Express Unit.

5.4.1 Relocation. If Franchisee desires to relocate the Express Unit within the Express Unit Approved Location, Franchisee shall submit to the Company a written request to approve the proposed new location for the Express unit. The Company is not obligated to approve any request for relocation, and the Company may, in its sole discretion, require any or all of the following as conditions of its approval: (a) Franchisee is in compliance with all terms and conditions of this Agreement; (b) Franchisee has the funds available to relocate the Express Unit and construct a new Express Unit according to the Company's then-current design standards; (c) Franchisee shall execute, for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the Company's then-current form of express unit franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement; (d) Franchisee shall execute a general release, in a form prescribed by the Company, of any and all claims against the Company and its affiliates, and their respective officers, directors, agents and employees.

5.4.2 If Franchisee closes the Express Unit for any period of time during relocation, the Company reserves the right to require Franchisee to pay the Company the same royalty fees and Advertising Fees paid during the same time period of the prior year.

6. TRAINING

6.1 Initial Training Program. Prior to the opening of the Express Unit, Franchisee and at least one other employee of Franchisee approved by the Company, must attend and successfully complete to the Company's satisfaction the standard initial training program for Franchisees offered by the Company. If Franchisee is a corporation, partnership or limited liability Company, the requirement that Franchisee attend training described in this Section 6.1 shall be deemed to apply to a principal of Franchisee acceptable to the Company.

6.1.1 The Company's standard initial training program shall consist of five (5) days of training at Cool University, and four (4) days of training at an approved satellite location and at such times designated by the Company, in its sole discretion. The standard basic training program will include the preparation of Italian ice, frozen custard, and other products sold at Rita's shops; methods of operation, techniques of doing business, bookkeeping, establishing and maintaining quality standards; guest service, advertising and promotions; security and loss prevention; opening methods and techniques, personnel training; and such other items determined by the Company, in its sole discretion.

6.1.2 At the Company's option, any persons subsequently employed by Franchisee in the position of manager shall prior to the assumption of duties also attend and complete to the Company's satisfaction the Company's initial training program for Franchisees.

6.1.3 Franchisee and Franchisee's manager and other employees shall also attend such additional courses, seminars, conventions, and programs as the Company may reasonably require from time to time.

6.1.4 The Company reserves the right to provide any training program through seminars, lectures, classes, Internet-based programs, conference calls, or other methods.

6.2 Training Details and Expense. All training shall be conducted at such times, dates and places as the Company designates from time to time in its sole discretion, and shall be subject to the availability of the Company's personnel. For the initial training program and all additional courses, seminars, conventions and programs described in Section 6.1.3 hereof, the Company shall provide, at no charge to Franchisee, a total of eighteen (18) days of training, instructors and materials to Franchisee or Franchisee's employees during the term of this Agreement. However, Franchisee and its employees shall be responsible for any and all expenses incurred by them in connection with any such courses, seminars, conventions, and programs, including, without limitation, the costs of accommodations, meals, wages and travel, as well as worker's compensation insurance. The Company reserves the right to charge its then-current training fee for any initial training, ongoing training, or additional training described in Section 6.1 and 6.3.

6.3 Employee Certification. In addition to the training of the individuals described in Section 6.1 hereof, any approved personnel from Franchisee's Express Unit responsible for preparing menu items from a Rita's Mix (including, without limitation, the Company's proprietary Italian ice) shall be certified in a manner prescribed by the Company to prepare such menu items. To be certified by the Company to prepare menu items from a Rita's Mix, an employee must receive such training as prescribed by the Company.

7. DUTIES OF FRANCHISEE

7.1 Standard of Operation. Franchisee understands and acknowledges that every detail of the Franchised Business is important to Franchisee, the Company, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all franchised businesses operating under the System, and to protect the Company's reputation and goodwill.

7.2 Store Operation. Franchisee shall use the Express Unit premises solely for the operation of the business franchised hereunder; shall keep the Express Unit open and in normal operation during the hours of operation of the Express Unit Approved location; shall refrain from using or permitting the use of the Express Unit premises for any other purpose or activity at any time without first obtaining the written consent of the Company, including, without limitation, storing at the premises any products not authorized by the Company; and shall operate the Express Unit in strict conformity with such methods, standards, and specifications as the Company may from time to time prescribe in the Manuals or otherwise in writing. Franchisee shall refrain from deviating from such standards, specifications, and procedures without the Company's prior written consent.

7.3 Adherence to Standards and Specifications. To insure that the highest degree of quality and service is maintained, Franchisee shall operate the Express Unit in strict conformity with such methods, standards, and specifications as the Company may from time to time prescribe in the Manuals or otherwise in writing, including, but not limited to, any and all specifically identified critical operating standards that the Company may adopt (the "Critical Operating Standards"). Franchisee acknowledges and understands that, in addition to the remedies described in Section 15 of the Agreement, Franchisee may be liable for fees and other

costs, as described in the Manuals, if it fails to comply with the Critical Operating Standards. Franchisee agrees:

7.3.1 To maintain in sufficient supply (as the Company may prescribe in the Manuals or otherwise in writing), and to use at all times, only such Rita's Mixes and other products and ingredients acquired from a supplier or suppliers designated by the Company, and such other ingredients, products, materials, supplies, paper goods, fixtures, furnishings, equipment, signs, and menu items, as conform with the Company's standards and specifications, and to refrain from deviating therefrom by the use of nonconforming items, without the Company's prior written consent.

7.3.2 To sell, give away or offer only such menu items, products, and services as have been expressly approved in writing by the Company; to sell, give away or offer all types of menu items, products, and services specified by the Company; to refrain from any deviation from the Company's standards and specifications without the Company's prior written consent; and to discontinue selling and offering any unapproved menu items, products, or services, or any menu items, products, or services which the Company may, in its discretion, disapprove in writing at any time.

7.3.3 To use, in the preparation of the Proprietary Products, such Rita's Mixes, standards, specifications, and procedures as prescribed by the Company. Franchisee acknowledges and agrees that the Rita's Mixes are essential to the preparation and taste of the Proprietary Products, including, without limitation, the Italian ice and frozen custard, served at the Express Unit; that certain of the Rita's Mixes are proprietary trade secrets used in the System; and that use of such Rita's Mixes is an essential part of the Franchised Business.

7.3.3.1 Franchisee agrees to acquire the Rita's Mixes from such supplier(s), which may include the Company or its affiliates, as the Company shall designate or approve in the Manuals or otherwise in writing from time to time. Any purchase of Rita's Mixes (and any other items) from the Company or its affiliates shall be at such prices, and on such other terms and conditions, as are contained in the Manuals or as the Company shall specify from time to time in writing. Franchisee shall be responsible for, and pay the cost of, shipment and insurance, if any.

7.3.3.2 Franchisee acknowledges and agrees that the Company may from time to time, expressly approve in writing as specified in the Manuals or otherwise, certain other menu items, and products prepared by utilizing a Rita's Mix.

7.3.3.3 Franchisee agrees that all Proprietary Products prepared by Franchisee from a Rita's Mix shall be prepared, stored, maintained and served in strict conformity with the Company's standards, specifications and procedures, as the Company may specify in the Manuals or otherwise in writing from time to time. Franchisee acknowledges and agrees that any Proprietary Product for which the Company's standards, specifications and procedures require the use of a Rita's Mix, including, without limitation, Italian ice and frozen custard, shall be prepared solely with a Rita's Mix and with no other mix or unauthorized ingredients.

7.3.3.4 Franchisee acknowledges and agrees that all Proprietary Products prepared by Franchisee from a Rita's Mix shall be served in a fresh and tasty condition, and no stale or inferior-grade Proprietary Products prepared by Franchisee from a Rita's Mix shall be offered for sale or sold by Franchisee. Franchisee acknowledges and agrees that the Company shall have the right to require that any Proprietary Product prepared by Franchisee from a Rita's Mix be immediately removed from sale if the Company, during any inspection, reasonably believes the Proprietary Product to be of a stale or inferior-grade. Franchisee agrees immediately to remove, upon the Company's request, such Proprietary Product from sale.

7.3.4 To use and display only the standard menu format provided by the Company, as the same may be revised by the Company from time to time. Any changes in the menu format must be approved in writing by the Company prior to use. Franchisee shall have sole discretion as to the prices to be charged to guests.

7.3.5 To refrain from offering or selling any of the menu items, products, or services offered for sale hereunder from catalogs, through mail-order, interactive television, the World Wide Web, the Internet, or other electronic order-placement or entry system, without the Company's prior written consent.

7.3.6 To refrain from installing or permitting to be installed, unless specifically approved in writing, in advance, by the Company any vending machine, game or similar coin-operated device; any pay telephones, newspaper racks, concession stands, jukeboxes, gum machines, games, rides or coin vending machines.

7.3.7 To refrain from consuming, using, selling, offering to sell, or permitting to be on the Express Unit premises for any reason whatsoever any alcoholic or intoxicating beverages or products; and, except as otherwise approved by the Company in writing, to refrain from selling or distributing to any other Rita's Franchisee any products to be sold hereunder.

7.3.8 To participate in the Company's gift card program for all Rita's shops operating under the System, as prescribed by the Company in the Manuals or otherwise in writing from time to time, including, but not limited to, selling and offering for sale Rita's gift cards which may be redeemed at any Rita's shop for menu items or products, and permitting guests who purchased gift cards from another Rita's shop or the Company to redeem their gift cards for menu items or products at Franchisee's Rita's Shop.

7.3.9 To comply with all reasonable restrictions on maximum prices of specific goods or services to be offered or sold hereunder by Franchisee as required in the Manuals, in any advertising program described in Section 12 hereof, or as otherwise reasonably specified in writing from time to time by the Company.

7.3.10 To participate in the "Smart Program" as described in the Manuals, as may be revised from time to time by the Company.

7.4 Fixtures, Furnishings and Equipment. Franchisee shall purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment (including, without limitation, the Company's proprietary batch machine, and a telecopy machine, telephone, and cash register or point-of-sale recording system), décor, and signs as the Company may reasonably direct from

time to time; and shall refrain from installing or permitting to be installed on or about the Express Unit premises, without the Company's prior written consent, any fixtures, furnishings, equipment, decor, signs, or other items not previously approved as meeting the Company's then-current standards and specifications.

7.5 Approved and Designated Suppliers. All products sold or offered for sale at the Express Unit, and other products, materials, supplies, paper goods, fixtures, furnishings and equipment used at the Express Unit, shall meet the Company's then-current standards and specifications, as established in the Manuals or otherwise in writing. Except as provided in Section 7.3.3 hereof, Franchisee shall purchase all food items, ingredients, supplies, materials, and other products and equipment used or offered for sale at the Express Unit for which the Company has established standards or specifications solely from suppliers (including manufacturers, distributors, and other sources) which demonstrate, to the continuing reasonable satisfaction of the Company, the ability to meet the Company's standards and specifications, who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably, and who have been approved by the Company in the Manuals or otherwise in writing. If Franchisee desires to purchase products from a party other than an approved supplier, Franchisee shall submit to the Company a written request to approve the proposed supplier, together with such evidence of conformity with the Company's specifications as the Company may reasonably require. The Company shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to the Company or to an independent testing facility designated by the Company. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee. The Company shall use its best efforts, within thirty (30) days after its receipt of such completed request and completion of such evaluation and testing (if required by the Company), to notify Franchisee in writing of its approval or disapproval of the proposed supplier. Approval shall not be unreasonably withheld. Franchisee shall not purchase any products from the proposed supplier until the Company's written approval of the proposed supplier is received. The Company may from time to time revoke its approval of particular products or suppliers when the Company determines, in its sole discretion, that such products or suppliers no longer meet the Company's standards. Upon receipt of written notice of such revocation, Franchisee shall cease to sell any disapproved products and cease to purchase from any disapproved supplier. Franchisee agrees that it shall use products purchased from approved suppliers solely for the purpose of operating the Franchised Business and not for any other purpose, including, without limitation, resale, except for the resale of products to another Rita's franchisee for use in operating their Rita's Shop. Nothing in the foregoing shall be construed to require the Company to approve any particular supplier, or to require the Company to make available to prospective suppliers, standards and specifications for formulas, including, without limitation, the formulas for the Rita's Mixes, that the Company, in its sole discretion, deems confidential.

7.6 Grand Opening Advertising Requirement. Prior to the grand opening of the Franchised Business, Franchisee shall conduct, at Franchisee's expense, such pre-opening promotional and advertising activities as the Company reasonably may require as set forth in Section 12.2 hereof.

7.7 Inventory. At the time the Franchised Business opens, Franchisee shall stock the initial inventory of products, accessories, equipment, inventory and supplies prescribed by the Company in the Manuals or otherwise in writing. Thereafter, Franchisee shall stock and maintain all types of approved products in quantities sufficient to meet reasonably anticipated guest demand.

7.8 Permitted Entry and Inspection. Franchisee shall permit the Company and its agents to enter upon the Express Unit premises at any time during normal business hours for the purpose of conducting inspections; shall cooperate with representatives of the Company in such inspections by rendering such assistance as they may reasonably request; and, upon notice from the Company or its agents, and without limiting the Company's other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by the Company, the Company shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by the Company and to charge Franchisee a reasonable fee for the Company's expenses in so acting, payable by Franchisee upon demand. The foregoing shall be in addition to such other remedies the Company may have.

7.9 Proprietary Marks. Franchisee shall ensure that all advertising and promotional materials, signs, decorations, and other items specified by the Company bear the Proprietary Marks in the form, color, location, and manner prescribed by the Company.

7.10 Express Unit Maintenance. Franchisee shall maintain the Express Unit premises (including adjacent public areas) in a safe, clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense, make such additions, alterations, repairs, and replacements thereto (but no others without the Company's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor as the Company may reasonably direct.

7.11 Refurbishing. At the Company's request, Franchisee shall refurbish the Express Unit premises, at its expense, to conform to the building design, trade dress, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new franchised businesses. Such refurbishment may include, without limitation, structural changes, installation of new equipment, remodeling, redecoration, and modifications to existing improvements.

7.12 On-Premises Supervision. The Express Unit shall at all times be under the direct, on-premises supervision of Franchisee (or if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee acceptable to the Company) or (if Franchisee or Franchisee's principal will not manage the Rita's Shop) an approved manager who has satisfactorily completed the Company's training program. Unless otherwise agreed to in writing by the Company, only Franchisee, Franchisee's manager, or other designated employee (each of whom has satisfactorily completed the Company's training program) shall be involved in the preparation of any Proprietary Product (including, without limitation, Italian ice) prepared from a Rita's Mix. Franchisee shall maintain a competent, conscientious, trained staff, including a

fully-trained manager (who may be Franchisee). Franchisee shall take such steps as are necessary to ensure that its employees preserve good guest relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as the Company may establish from time to time in the Manuals. Franchisee and its employees shall handle all guest complaints, refunds, and other adjustments in a manner that will not detract from the name and goodwill of the Company. If the Company receives a complaint from one of Franchisee's guests, then the Company reserves the right to require Franchisee to pay the Company's then-current Guest Complaint Resolution Fee as set forth in the Manuals. Franchisee shall take such steps as are necessary to ensure that its employees do not violate the Company's policies relating to the use of Networking Media Websites (as defined in Section 8.10 below), including, but not limited to, prohibiting employees from posting any information relating to the Company, the System, the Proprietary Marks, or the Franchised Business on any Networking Media Website without the Company's prior written approval. Franchisee shall be solely responsible for all employment decisions and functions of the Franchised Business, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees.

7.13 Modifications to the System. Should the Company modify or alter the System during the term of this Agreement, it will notify Franchisee of such modifications and changes in writing and Franchisee shall implement such changes within sixty (60) days of receipt of the Company's notice and instructions.

7.14 Rita's Advisory Council. Franchisee shall participate actively in such Rita's Advisory Council ("Council") as the Company designates and participate in all Council programs approved by the Company. The Company, in its sole discretion, will determine the boundaries of the Council. The purposes of the Council shall include, but are not limited to, exchanging ideas and problem-solving methods, advising the Company on expenditures for system-wide advertising, and coordinating franchisee efforts. Franchisee shall pay all assessments levied by the Council, and the Company has the right to enforce this obligation. Amounts and expenditures may vary from time to time due to variations in Council participation and costs, as determined by the Council, and as approved by the Company.

7.15 No Changes by Franchisee. Franchisee shall not implement any change, amendment, or improvement to the System without the express prior written consent of the Company. Franchisee shall notify the Company in writing of any change, amendment, or improvement in the System, including, without limitation, suggested new menu items, flavors and recipes, which Franchisee proposes to make, and shall provide to the Company such information as the Company requests regarding the proposed change, amendment, or improvement. Franchisee acknowledges and agrees that the Company shall have the right to incorporate the proposed change, amendment, or improvement into the System and shall thereupon obtain all right, title, and interest therein without compensation to Franchisee.

7.16 Lease Requirements. Franchisee shall comply with all terms of its lease or sublease, and all other agreements affecting the operation of the Franchised Business.

7.17 System Advertising Promotion. If Franchisee elects or is obligated hereunder to participate in any System promotion, Franchisee shall use such displays and promotional

materials as the Company shall authorize and specify from time to time, and shall coordinate its participation with the Company and other System franchisees as the Company may direct.

7.18 Health Standards. Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Express Unit. Franchisee shall furnish to the Company, within five (5) days after receipt thereof, a copy of any violation or citation which indicates Franchisee's failure to maintain local health or safety standards in the operation of the Express Unit.

7.19 Franchisee's Designee. Franchisee shall designate a principal of Franchisee who will have authority and responsibility to deal with the Company in connection with Franchised Business, who will be the primary contact person for the Company, and who will be available and responsible for communicating with the Company at all times, including, without limitation, during times when the Express Unit is closed for the season ("Franchisee's Designee"). If Franchisee is an individual, Franchisee shall be Franchisee's Designee. Franchisee shall provide the Company with such personal contact information as the Company requires in the Manuals (including, without limitation, telephone number and e-mail address) for Franchisee's Designee, and shall promptly notify the Company in writing of any changes to the identity or contact information of Franchisee's Designee.

7.20 Batch Machine. Franchisee shall execute any and all documents and do such acts as may, in the opinion of the Company, be necessary for the Company to perfect its UCC interest in each batch machine used in, or intended for use in, the operation of the Franchised Business, as described in Sections 14.5 and 16.8 hereof. Franchisee shall not sell, assign, transfer, convey, pledge, encumber or otherwise give away the batch machines, or interest therein, without providing prior written notice to the Company as required in Sections 14.5 and 16.8 hereof.

7.21 Annual Business Meeting. At Rita's discretion, Franchisee and Franchisee's employees may be required to attend an Annual Business Meeting at a location to be determined by Rita's. Franchisee will be responsible for all expenses incurred in connection with attending the Annual Business Meeting, including, without limitation, the costs of accommodations, meals, wages and travel.

8. PROPRIETARY MARKS AND TECHNOLOGY

8.1 Representations. The Company represents with respect to the Proprietary Marks:

8.1.1 The Company has the right to use, and to license others to use the Proprietary Marks; and

8.1.2 The Company has taken and will take all steps reasonably necessary to preserve and protect the ownership and validity of the Proprietary Marks.

8.2 Franchisee's Use of the Marks. With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee agrees that:

8.2.1 Franchisee shall use only the Proprietary Marks designated by the Company, and shall use them only in the manner authorized and permitted by the Company;

8.2.2 Franchisee shall use the Proprietary Marks only for the operation of the Rita's Shop and only at the Approved Location, or in advertising for the business conducted at or from the Approved Location;

8.2.3 Unless otherwise authorized or required by the Company, Franchisee shall operate and advertise the Express Unit only under the name, "Rita's Ice-Custard-Happiness", and shall use all Proprietary Marks without prefix or suffix. Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name;

8.2.4 During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify itself as the owner of the Franchised Business in conjunction with any use of the Proprietary 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 and at such conspicuous locations as the Company may designate in writing;

8.2.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of the trademark owner's rights and will entitle the Company to exercise all of its rights under this Agreement in addition to all rights available at law or in equity;

8.2.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of the Company;

8.2.7 Franchisee shall comply with the Company's instructions in filing any requisite trade name or fictitious name registrations. The only costs to be borne by Franchisee in this respect are the cost and expense of Franchisee's counsel and applicable filing fees. Franchisee shall execute any documents deemed necessary by the Company to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability;

8.2.8 Franchisee shall promptly notify the Company of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, any challenge to the ownership of, or the Company's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that the Company has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. The Company has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. The Company shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If the Company, in its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by the Company. If the Company, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in the opinion of the Company, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any

legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, the Company agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts; and

8.2.9 Franchisee shall not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Proprietary Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Proprietary Marks.

8.3 Acknowledgments. Franchisee expressly understands and acknowledges that:

8.3.1 The Company is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and the Company has the right to use, and license others to use, the Proprietary Marks;

8.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System as well as to protect the uniformity of the System;

8.3.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of the trademark owner's ownership of, or the Company's right to use and to license others to use, the Proprietary Marks;

8.3.4 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks; and

8.3.5 Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to the benefit of the Company, and upon expiration or termination of this Agreement and the license granted herein, no monetary amount shall be assigned to Franchisee or any of its principals, affiliates, subsidiaries, successors, licenses or assigns as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks.

8.4 Non-Exclusive License. Except as specified in Section 1.3 hereof, the license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and the Company retains the following rights, among others: (a) to use the Proprietary Marks itself in connection with selling products and services; (b) to grant other licenses for the Proprietary Marks; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee.

8.5 Modification of Proprietary Marks. The Company reserves the right, in its sole discretion, to modify, add to, discontinue use of or substitute different proprietary marks for use in identifying the System and the Rita's shops operating hereunder, and Franchisee agrees to use such marks. Franchisee shall bear the costs of modifying Franchisee's signs, menu boards, displays, paper products and advertising materials to conform to the Proprietary Marks designated by the Company. The Company shall have no obligation or liability to Franchisee as a result of such modification, addition, substitution or discontinuance.

8.6 Computer System and Required Software.

8.6.1 The Company shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (a) back office and point of sale systems, data, audio, and video, systems for use at the Franchised Business; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (collectively, the “Computer System”).

8.6.2 The Company shall have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs that Franchisee must use in connection with the Computer System, which may include web-based software programs (the “Required Software”), which Franchisee shall install at its expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at its expense; (c) the tangible media upon which Franchisee shall record data; and (d) the database file structure of the Computer System.

8.6.3 At the Company’s request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. The Company shall have the right at any time to remotely retrieve and use such data and information from Franchisee’s Computer System or Required Software that the Company deems necessary or desirable. Franchisee expressly agrees to strictly comply with the Company’s standards and specifications for all items associated with Franchisee’s Computer System and any Required Software in accordance with the Company’s standards and specifications. Franchisee agrees, at its own expense, to keep the Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Required Software as the Company directs from time to time in writing. Franchisee agrees that its compliance with this Section 8.6 shall be at Franchisee’s sole cost and expense.

8.7 Data. All data provided by Franchisee, uploaded to the Company’s system from Franchisee’s system, and/or downloaded from Franchisee’s system to the Company’s system, is and will be owned exclusively by the Company, and the Company will have the right to use such data in any manner that the Company deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee’s operation of the Franchised Business (including but not limited to consumer and transaction data), is and will be owned exclusively by the Company during the term of, and following termination or expiration of, this Agreement. Copies and/or originals of such data must be provided to the Company upon the Company’s request. The Company hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee’s use in connection with the establishment and operation of the Franchised Business pursuant to this Agreement.

8.8 Privacy. Subject to commercial standards of reasonableness based upon local business practices in Franchisee’s Territory, the Company may, from time-to-time, specify in the Manuals (or otherwise in writing) the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Business, and Franchisee shall provide to the Company such reports as the Company may reasonably request from the data so collected and

maintained. All data pertaining to or derived from the Franchised Business (including, without limitation, data pertaining to or otherwise about customers) is and shall be the exclusive property of the Company, and the Company hereby grants a royalty-free nonexclusive license to Franchisee to use said data during the term of this Agreement. Franchisee shall abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without the Company's prior written consent as to said policy.

8.9 Extranet. The Company may, but is not obligated to, establish an Extranet. The term "Extranet" means a private network based upon Internet protocols that will allow users inside and outside of the Company's headquarters to access certain parts of the Company's computer network via the Internet. If the Company does establish an Extranet, then Franchisee shall comply with the Company's requirements (as set forth in the Manuals or otherwise in writing) with respect to connecting to the Extranet and utilizing the Extranet in connection with the operation of the Franchised Business. The Extranet may include, without limitation, the Manuals, training and other assistance materials, and management reporting solutions (both upstream and downstream, as the Company may direct). Franchisee shall purchase and maintain such computer software and hardware (including, but not limited to, telecommunications capacity) as may be required to connect to and utilize the Extranet. The Company shall have the right to require Franchisee to install a video, voice and data system that is accessible by both the Company and Franchisee on a secure Internet website, in real-time, all in accordance with the Company's then-current written standards as set forth in the Manuals or otherwise in writing. Franchisee shall comply with the Company's requirements (as set forth in the Manuals or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and the Company's Extranet and/or such other computer systems as the Company may reasonably require.

8.10 Websites. The Company maintains a Website at www.ritasice.com and has the right to promote the System and those company-owned and franchise-owned locations as the Company determines and in the manner the Company determines in its sole discretion. The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including, but not limited to, social and business networking media such as Facebook, Twitter, LinkedIn, and on-line blogs and forums ("Networking Media Websites"). The Company reserves the right to require Franchisee to pay the Company a one-time design fee and a monthly hosting fee in an amount set forth in the Manuals or otherwise in writing for the design and hosting of the Franchised Business on the Company's Website. Design and hosting fees may change over time if design and content require more bandwidth or functionality. Unless otherwise approved in writing by the Company, Franchisee shall not establish a separate Website. However, the Company shall have the right to require that Franchisee have one or more references or webpage(s), as designated and approved in advance by the Company, within the Company's Website. The Company shall have the right to require that Franchisee not have any Website other than the webpage(s), if any, made available on the Company's Website. However, if the Company approves a separate Website for Franchisee (which the Company is not obligated to approve; and, which approval, if granted, may later be revoked by the Company), then each of the following provisions shall apply:

8.10.1 Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee, including any posting on or contribution to a Networking Media Website, shall be deemed “advertising” under this Agreement and will be subject to, among other things, the Company’s prior review and approval;

8.10.2 Before establishing any Website, Franchisee shall submit to the Company, for the Company’s prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta tags) in the form and manner the Company may reasonably require;

8.10.3 If approved, Franchisee shall not subsequently modify such Website without the Company’s prior written approval as to such proposed modification;

8.10.4 Franchisee shall comply with the standards and specifications for Websites that the Company may periodically prescribe in the Manuals or otherwise in writing;

8.10.5 If required by the Company, Franchisee shall establish such hyperlinks to the Company’s Website and other Websites as the Company may request in writing; and

8.10.6 Franchisee shall not post any information relating to the Company, the System, the Proprietary Marks, or the Franchised Business on a Networking Media Website without the Company’s prior written approval; and Franchisee shall not make any posting or other contribution to a Networking Media Website that (a) is derogatory, disparaging, or critical of the Company, (b) is offensive, inflammatory, or indecent, or (c) harms the goodwill and public image of the System and/or the Proprietary Marks.

8.11 Domain Names. Franchisee acknowledges and agrees that if the Company grants its approval for Franchisee’s use of a generic, national, and/or regionalized domain name, the Company shall have the right to own and control said domain name at all times and may license it to Franchisee for the term of this Agreement on such terms and conditions as the Company may reasonably require (including, but not limited to, the requirement that Franchisee reimburse the Company’s costs for doing so). If Franchisee already owns any domain names, or hereafter registers any domain names, then Franchisee agrees that it shall notify the Company in writing and assign said domain names to the Company and/or a designee that the Company specifies in writing.

8.12 Online Use of Proprietary Marks and E-mail Solicitations. Franchisee shall not use the Proprietary Marks or any abbreviation or other name associated with the Company and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining the Company’s written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee’s plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the “CAN-SPAM Act of 2003”).

8.13 No Outsourcing Without Prior Written Approval. Franchisee shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without the Company's prior written approval. The Company's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with the Company and Franchisee in a form that is provided by the Company. The provisions of this Section 8.13 are in addition to and not instead of any other provision of this Agreement.

8.14 Changes to Technology. Franchisee and the Company acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that the Company shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those reasonable new standards established by the Company as if this Agreement were periodically revised by the Company for that purpose.

9. SYSTEM MANUALS

9.1 Express unit Operation. In order to protect the reputation and goodwill of the Company and to maintain high standards of operation under the System, Franchisee shall operate the Express Unit in strict accordance with the standards, methods, policies, and procedures specified in the System Manuals, which consist of the Operations Manual, the Products and Procedures Manual, and the Product Recipes Manual (collectively, the "Manuals"). Upon commencement by Franchisee or Franchisee's manager of the Company's initial training program, the Company will provide to Franchisee by electronic means, one copy of the Manuals for the term of this Agreement.

9.2 Confidentiality. The Manuals contain confidential business information and trade secrets that belong to the Company. The Company owns the Manuals and all rights, including proprietary rights, in, and to, the Manuals and their information. Any copies and summaries of the Manuals are, and shall at all times remain, the property solely of the Company. Franchisee shall at all times treat the Manuals, their information, any other manuals created for or approved for use in the operation of the Express Unit as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person.

9.3 Revisions to Manuals. The Company has the sole and absolute right to modify, add to, and delete from, the Manuals at any time. When notified in writing by the Company, Franchisee shall promptly update Franchisee's copy of the Manuals with any modifications of, additions to, and deletions from, it. If Franchisee does not receive a paper copy of the Manuals, but instead is provided electronic access to the Manuals, all modifications of, additions to, and deletions from the Manuals will be made by the Company. Any written notice that the Company delivers to Franchisee containing any such modification of, addition to, and deletion from the Manuals shall bind Franchisee upon Franchisee's receipt of such notice. Franchisee shall be solely responsible to insure that the Express Unit is operated in compliance with the most current

and up-to-date version. Franchisee expressly agrees to comply with and implement each new or changed standard, method, policy and procedure promptly and at Franchisee's sole expense.

9.4 Electronic Access to Manuals. The Company has the right to maintain all or any portions of the Manuals in written or electronic form, including, without limitation, on one or more Websites. If the Company maintains the Manuals in electronic form or on one or more Websites, Franchisee agrees (a) to install, maintain, and upgrade continually throughout the term of this Agreement and as required by the Company in the Manuals and in writing from time to time, at Franchisee's sole expense, the highest-speed Internet connection available to provide access to such portions of the Manuals; (b) to make one copy of such portions of the Manuals and to maintain such copies and their contents as secret and confidential; and (c) Franchisee and none of Franchisee's principals or employees shall make any electronic copy of any portion of the Manuals.

9.5 Master Copy. The electronic copy (or, if unavailable, the paper copy) of the Manuals maintained by the Company at its home office is, and shall be, controlling in the event of any dispute as to the Manuals' contents. Franchisee shall use the Manuals solely for the operation of the Rita's Shop.

9.6 Replacement Manuals. If Franchisee loses a paper copy of the Manuals provided by the Company, Franchisee agrees to pay the Company Five Hundred Dollars (\$500.00) for each manual that must be replaced. Franchisee shall also pay to replace the Manuals if (a) Franchisee fails to notify the Company of non-receipt of the Manuals within 3 months after Franchisee signs the Agreement and the Company has a record that the Manuals were shipped to Franchisee; or (b) Franchisee fails to notify the Company of non-receipt of an updated version of the Manuals within 3 months after notification that the Manuals have been shipped and the Company has a record of the shipment.

10. CONFIDENTIAL INFORMATION

10.1 Confidential Information. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes the Rita's Mixes, ingredients, formulae, recipes and methods of preparation of certain food products, and methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information"). Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement. Franchisee acknowledges and agrees the Company will disclose the Confidential Information to Franchisee in furnishing to Franchisee the training program and subsequent ongoing training, the Manuals and general assistance during the term of this Agreement. Franchisee acknowledges and agrees that Franchisee will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and that the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. Franchisee acknowledges and agrees that the Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee does hereby agree,

that it shall: (1) not use the Confidential Information in any other business or capacity during and after the term of this Agreement; (2) maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) not make unauthorized copies of any portion of the Confidential Information and maintain restrictions on disclosure thereof to Franchisee's employees by reasonable methods; and (4) not disclose or permit access to any Confidential Information by any person, except for employees of Franchisee requiring such access for Franchisee to fulfill its obligations under this Agreement.

10.2 Confidentiality Agreements. At the Company's request, Franchisee shall obtain execution of the covenants described in Section 17 from the individuals described therein.

11. ACCOUNTING AND RECORDS

11.1 Recordkeeping. Franchisee shall keep, maintain and record all sales on such recordkeeping, cash register(s) or reporting system(s) designated by the Company, or on any other equipment specified by the Company in the Manuals or otherwise in writing from time to time. Franchisee shall prepare, and shall preserve for at least three (3) years from the dates of their preparation, complete and accurate books, records, and accounts, which fully and correctly record and disclose all transactions relating to or involving the operation of the Express Unit, in accordance with generally accepted accounting principles and in the form and manner prescribed by the Company from time to time in the Manuals or otherwise in writing.

11.2 Recording Procedures. All Gross Sales, sales tax, and charges collected on behalf of third parties shall be recorded by Franchisee in accordance with the procedures prescribed in the Manuals, and on such cash register or point-of-sale recording system as the Company may specify pursuant to Section 7 hereof.

11.3 Reports. Franchisee shall, at Franchisee's expense, submit to the Company in the form prescribed by the Company, the following reports, financial statements, and other data:

11.3.1 By the fifteenth (15th) day of each month, an accurate profit and loss statement and a report accurately reflecting all Gross Sales during the prior calendar month;

11.3.2 Within ninety (90) days after the end of each fiscal year of the Express Unit, financial statements prepared by an independent certified public accountant approved by the Company, including, without limitation, a complete and accurate profit and loss statement for the preceding year and balance sheet as of the end of such year, showing the results of operations of the Express Unit during said fiscal year, which may be unaudited, unless Franchisee has received written notice from the Company requiring an audit and, in such event, Franchisee shall have ninety (90) days from receipt of the notice of audit requirement to provide the Company with the audited financial statements;

11.3.3 Within ten (10) days after their completion, all federal tax returns filed by Franchisee;

11.3.4 Upon the Company's request, within ten (10) days after their timely completion, all state and local sales, income or other tax returns filed by Franchisee; and

11.3.5 Such other forms, reports, records, information, and data as the Company may reasonably designate from time to time, as may be described in the Manuals.

11.4 Inspection and Audit. The Company and its designated agents shall have the right at all reasonable times to examine and copy, at the Company's expense, the books, records, accounts, and tax returns of Franchisee. The Company 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 any payments have been understated in any report to the Company, then Franchisee shall immediately pay to the Company the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. If an inspection or audit discloses an understatement in any report of three percent (3%) or more, Franchisee shall, in addition to repayment of monies owed with interest, reimburse the Company for any and all costs and expenses connected with the inspection or audit (including, without limitation, travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies the Company may have.

12. ADVERTISING AND PROMOTION

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

12.1 Generally. With regard to advertising generally for the Express Unit, Franchisee shall place or display at the Express Unit Approved Location (interior and exterior) only such signs, emblems, lettering, logos and displays and advertising materials as the Company approves in writing from time to time. Franchisee shall submit to the Company, prior to its use, samples of all sales promotional and advertising materials desired to be used by Franchisee, including, but not limited to, newspaper, radio and television advertising, specialty and novelty items, signs, cups, boxes, bags and other packaging which have not been previously approved by the Company. Such submission shall not affect Franchisee's right to determine the prices at which Franchisee sell its products. Within fifteen (15) days of the Company's receipt of any sample sales promotional material or advertising materials from Franchisee, the Company shall notify Franchisee in writing of the Company's approval or disapproval of the materials; provided, however, the Company's failure to approve or disapprove the materials within fifteen (15) days of receipt shall be deemed a disapproval. Franchisee shall not use any advertising or promotional materials for which the Company has not given its prior written approval.

12.2 Grand Opening Local Advertising and Promotional Program. Beginning sixty (60) days prior to the opening of Franchisee's Express Unit and, if applicable, any relocation or transfer of Franchisee's Express Unit, Franchisee shall conduct grand opening advertising and promotion in the form and manner as determined by the Company in its sole discretion. Franchisee may be required to expend ten thousand dollars (\$10,000) on such grand opening advertising and promotion within thirty (30) days of the opening of Franchisee's Express. The Company may, in its sole discretion, purchase on your behalf broadcast and print advertising and such other advertising and promotion as recommended by Rita's and may require Franchisee to purchase certain advertising materials, including, but not limited to, a Rita's "Ice Guy" costume.

The cost of the promotion and media included shall be determined by Rita's and may vary depending on the size and location of the market where the Shop is located. In addition, when Franchisee opens its Shop, Franchisee must give away for free regular-sized cups of any flavor of ice to its guests. The Company will provide Franchisee with a reimbursement of up to (3) cases of cherry flavor mix. Franchisee will incur all expenses related to the free ice give-away, including the cost of ice mixes, supplies, and cups.

12.3 Advertising Fee. Franchisee shall pay the Company an advertising fee ("Advertising Fee") which shall be allocated, in the Company's sole discretion, to (a) the Fund (as described in Section 12.6); and/or (b) the Cooperative (as described in Section 12.7 hereof). Franchisee shall pay to the Company the Advertising Fee through the purchase of Rita's Mixes from the Company and/or through approved suppliers as described in Section 7.3.3 hereof. The amount of the Advertising Fee shall be the sum of (a) the mathematical product, calculated by the Company, determined by multiplying three percent (3%) times the Company's estimate of the amount of gross sales to be derived by Franchisee from the retail sale of the products that will be prepared from the Rita's Mixes and (b) three percent (3%) times the Gross Sales of all Additional Products.

12.4 Local Advertising. In addition to the advertising expenditures required by Sections 12.2 and 12.3 above, for each week that Express Unit is open for business, Franchisee shall expend an average of two percent (2%) of Gross Sales per week on local advertising in such manner as the Company may, in its sole discretion, direct in the Manuals or otherwise in writing from time to time (the "Minimum Advertising Expenditure").

12.4.1 Franchisee shall provide satisfactory evidence of Franchisee's required Minimum Advertising Expenditure in such manner as the Company shall direct in the Manuals or otherwise in writing from time to time.

12.4.2 The Company shall have the right to increase the Minimum Advertising Expenditure to a maximum of three percent (3%) of Gross Sales upon thirty (30) days prior written notice to Franchisee.

12.5 First Day of Spring Ice Give-Away. Each year on the first day of spring, franchisees must give away cups of any flavor ice for free to any guest who visits the franchisee's location from open until close. Rita's reserves the right to determine the size of the cup of ice received by guests. Franchisees must pay for all costs associated with the give-away, including mixes, supplies, and cups. For all mixes (whether they come from the franchisee's inventory or whether they are purchased in preparation for the First Day of Spring Ice Give-Away), franchisee will be responsible for paying all royalty owed to Rita's at the time the mixes are purchased. Franchisee is also responsible for keeping accurate accounting and documenting how many regular cups of ice were given away as part of the First Day of Spring Ice Give-Away. Franchisee must submit this documentation to Rita's and Rita's will subsequently reimburse franchisee for the product royalty portion of this giveaway based on the number of regular ices given away and the franchisee's retail price.

12.6 Advertising Fund. The Company shall have the right, in its sole discretion, without, however, any obligation, to establish, administer and control the Fund. Franchisee

agrees to contribute to the Fund as described in Section 12.3 hereof and the Fund shall be maintained and administered by the Company as follows:

12.6.1 The Company shall direct all advertising programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Fund is intended to maximize general public recognition, acceptance, and use of the System; and that the Company is not obligated, in administering the Fund, to make expenditures for Franchisees which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or from expenditures by the Fund. Ad Fund contributions will also be used to pay for all or part of the System's Mystery Shop program.

12.6.2 The Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which the Company believes will enhance the image of the System, including, among other things, the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing Networking Media Websites (as defined in Section 8.10 above) and other emerging media or promotional tactics; developing, maintaining, and updating a Website for the Company; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; conducting and administering in-store promotions and "mystery shopper" program(s); and providing promotional and other marketing materials and services to the businesses operating under the System.

12.6.3 The Company shall make contributions to the Fund for each of the Rita's shops operated by the Company (or its affiliates) in a percentage equivalent to the percentage contributions required of franchisees generally within the System. The Company agrees that it will exercise its best efforts to collect required contributions to the Fund from all franchisees required to contribute to the Fund.

12.6.4 All Fund contributions shall be maintained in an account separate from the other monies of the Company and shall not be used to defray any of the Company's expenses, except for such reasonable costs and overhead, if any, as the Company may incur in activities reasonably related to the direction and implementation of the Fund and advertising programs for franchisees and the System, including, among other things, costs of personnel for creating and implementing advertising, promotional, and marketing programs. The Fund and any earnings thereon shall not otherwise inure to the benefit of the Company. The Fund shall not be considered a trust fund nor shall the Company be considered a trustee thereof. The Company shall maintain separate bookkeeping accounts for the Fund.

12.6.5 It is anticipated that all contributions to the Fund shall be expended for their intended purposes during the Fund's fiscal year in which contributions are made. Fund surpluses, if any, may be expended in the following fiscal year(s). Although the Company intends the Fund to be of a long term duration, the Company maintains the right to terminate the

Fund at any time. The Fund shall not be terminated, however, until all monies in the Fund have been expended for advertising and promotional purposes.

12.6.6 The Fund is not and will not be an asset of the Company. An accounting of the operation of the Fund will be prepared annually and will be made available to Franchisee during regular business hours, upon Franchisee's written notice to the Company, once during each calendar year. The Company reserves the right, in its sole discretion, to require that such annual accounting include an audit of the operation of the Fund prepared by an independent certified public accountant selected by the Company and prepared at the expense of the Fund.

12.7 Advertising Cooperative. The Company shall have the right, in its sole discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Express Unit. If a Cooperative has been established applicable to the Express Unit at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Cooperative. If a Cooperative applicable to the Express unit is established at any later time during the term of this Agreement, Franchisee shall become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. If the Express unit is within the territory of more than one Cooperative, Franchisee shall be required to be a member of only one such Cooperative. If established, the following provisions shall apply to each Cooperative:

12.7.1 Each Cooperative shall be organized, governed, and administered in a form and manner, and shall commence operation on a date, approved in advance by the Company in writing;

12.7.2 Each Cooperative shall be organized for the exclusive purpose of administering regional advertising programs and developing, subject to the Company's approval, standardized advertising materials for use by the members in local advertising and promotion;

12.7.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without the prior approval of the Company. All such plans and materials shall be submitted to the Company in accordance with the procedure set forth in Section 12.1 hereof;

12.7.4 Each Cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the Cooperative by majority vote. Each Rita's shop operated by the Company or an affiliate in a geographic area for which the Cooperative operates shall have voting power on any fees imposed by the Cooperative;

12.7.5 Each member franchisee shall submit to the Cooperative, no later than the tenth (10th) day of each month, for the preceding calendar month, its contribution as provided in Section 12.7.4 hereof, together with such other statements or reports as may be required by the Company or by the Cooperative with the Company's prior approval;

12.7.6 Franchisee's contribution to the Cooperative shall be in lieu of Franchisee's then-minimum local advertising and sales promotion expenditure as described in

Section 12.4 hereof; provided, however, if Franchisee's contribution to the Cooperative does not at least equal the minimum required local advertising and sales promotion expenditure, Franchisee must expend the difference on local advertising and sales promotion as provided for in Section 12.4 hereof;

12.7.7 An unaudited accounting of the operation of the Cooperative will be prepared annually by the Cooperative and will be made available to Franchisee during regular business hours, once during each calendar year;

12.7.8 The Company, in its sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. The Company's decision concerning such request for exemption shall be final. If an exemption is granted to a Franchisee, Franchisee shall be required to expend on local advertising and sales promotion the full amount provided for in Section 12.4 hereof; and

12.7.9 Although each Cooperative when established is intended to be of perpetual duration, the Company maintains the right to change, dissolve, merge, or terminate any Cooperative. A Cooperative shall not be terminated, however, until all monies in that Cooperative have been expended for advertising and/or promotional purposes.

12.8 Advertising Materials. All advertising, printed materials, coupons, and promotion by Franchisee shall be in such media and of such type and format as the Company may approve, shall be conducted in a dignified manner, and shall conform to such standards and requirements as the Company may specify. Franchisee shall not use any advertising, coupons, or promotional plans or materials unless and until Franchisee has received written approval from the Company, pursuant to the procedures and terms set forth in Section 12.1 hereof. Franchisee shall not obtain a Website or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the rights granted hereunder without the Company's prior, written approval and, if such approval is granted, shall operate such Website in accordance with the Company's standards and policies provided to Franchisee in the Manuals or otherwise in writing from time to time.

12.9 Minimum Requirements. Franchisee understands and acknowledges that the required expenditures and contributions in this Section 12 are minimum requirements only, and that Franchisee may, and is encouraged by the Company to, expend additional funds for advertising and promotion.

13. INSURANCE

13.1 Minimum Insurance Requirements. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee, the Company, the Company's affiliates, and their respective officers, directors, partners, agents, and employees against any demand or claim with respect to personal injury, product liability, and broad form contractual liability, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in

connection with the Franchised Business, including, but not limited to, comprehensive general liability insurance, property and casualty insurance, statutory workers' compensation insurance, employer's liability insurance, and product liability insurance. Such policy or policies shall be written by a responsible carrier or carriers acceptable to the Company, shall name the Company and the Company's affiliates and their respective officers, directors, partners, agents and employees as additional insured parties as specified by the Company, and shall provide at least the types and minimum amounts of coverage as specified by the Company from time to time in the Manuals or otherwise in writing.

13.2 Nonwaiver. Franchisee's obligation to obtain and maintain the policy or policies in the amounts specified in the Manuals shall not be limited in any way by reason of any insurance which may be maintained by the Company, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 20.3 of this Agreement.

13.3 Certificate of Insurance. Prior to the commencement of any operations under this Agreement, and thereafter at least thirty (30) days prior to the expiration of any policy, Franchisee shall deliver to the Company Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given the Company in the event of material alteration to, or cancellation of, the coverages evidenced by such Certificates.

13.4 Other Insurance. Franchisee shall also maintain all other insurance coverage as may be required by law, including without limitation, worker's compensation and unemployment insurance.

13.5 Company's Right to Procure Insurance. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by the Company in the Manuals or otherwise in writing, the Company shall have the right and authority (but not the obligation) to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for the Company's expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies the Company may have.

14. TRANSFER OF INTEREST

14.1 Company's Right to Transfer. The Company shall have the right to transfer or assign this Agreement and assign and delegate all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of the Company shall become solely responsible for all obligations of the Company under this Agreement from the date of assignment. Franchisee agrees hereby to consent to any such transfer, assignment or delegation and to execute such documents of attornment or otherwise as the Company shall request.

14.2 Franchisee's Right to Transfer. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that the Company has granted this franchise in reliance on Franchisee's (or, if Franchisee is a corporation, partnership or limited liability company, its principals') business skill, financial

capacity, and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation, limited liability company or other legal entity which directly or indirectly owns any interest in Franchisee or in the Express Unit shall sell, assign, transfer, convey, pledge, encumber, merge, or give away this Agreement, any direct or indirect interest in Franchisee (including any direct or indirect interest in a corporate, partnership or limited liability company franchise), or in all or substantially all of the assets of the Express Unit, either voluntarily or by operation of law, unless Franchisee shall have first tendered to the Company the right of first refusal to acquire such interest in accordance with the provisions and other conditions set forth below, and then if the Company fails to exercise said right, only with the prior written consent of the Company, which consent will not be unreasonably withheld. Any purported assignment or transfer not having the prior written consent of the Company required by this Section 14.2 shall be null and void and shall constitute a material breach of this Agreement, for which the Company may immediately terminate without opportunity to cure pursuant to Section 15.2.6 of this Agreement.

14.3 Notification and Conditions of Approval. Franchisee shall notify the Company in writing of any proposed transfer of this Agreement, any direct or indirect interest in Franchisee, or in all or substantially all of the assets of the Express Unit at least thirty (30) days before such transfer is proposed to take place. The Company shall not unreasonably withhold its consent to such a transfer; provided, however, that:

14.3.1 if a transfer, alone or together with other previous, simultaneous, or proposed transfers would have the effect of transferring this Agreement, a controlling interest in Franchisee (as determined by the Company), or substantially all of the assets of the Express unit, the Company may, in its sole discretion, require any or all of the following as conditions of its approval:

14.3.1.1 That all of Franchisee's accrued monetary obligations and all other outstanding obligations to the Company and its affiliates have been satisfied;

14.3.1.2 That Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and the Company, or its affiliates;

14.3.1.3 That the transferor (including all partners, shareholders and members and managers of a corporate, partnership or limited liability company transferor) shall have executed a general release, in a form satisfactory to the Company, of any and all claims against the Company, its affiliates and their respective officers, directors, shareholders, and employees;

14.3.1.4 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) enter into a written assignment, in a form satisfactory to the Company, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; and all the owners of any interest in Franchisee and their spouses shall execute the Company's then-current form of guarantee of Franchisee's obligations hereunder;

14.3.1.5 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) demonstrate to the Company's satisfaction that it meets the Company's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the Express Unit (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the Express Unit;

14.3.1.6 That (a) the transferee shall execute, for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the then-current form of express unit franchise agreement and other ancillary agreements as the Company may require for the Express Unit in all respects, except that the transferee shall not be required to pay any initial franchise fee; and (b) all owners of an interest in Franchisee and such owners' spouses shall execute the Company's then-current form of guarantee of Franchisee's obligations under the franchise agreement;

14.3.1.7 That the transferor, at its expense, refurbish the Express Unit to conform to the Company's then-current standards and specifications, and complete the refurbishing and other requirements within the time specified by the Company. The Company may require the transferee to pay into escrow, in a non-interest bearing account, an amount of money equal to the estimated cost of such refurbishment as determined by the Company, to be held by the Company or a third party approved by the Company until the Express Unit has been brought into compliance with the Company's then-current standards as reasonably determined by the Company, and to execute the Company's then-current form of escrow agreement;

14.3.1.8 That Franchisee remain liable for all of the obligations to the Company in connection with the Express Unit which arose prior to the effective date of the transfer and which extend beyond the term hereof and execute any and all instruments reasonably requested by the Company to evidence such liability;

14.3.1.9 That the transferee (or, if the transferee is a corporation, partnership or limited liability company, a principal of the transferee acceptable to the Company), and the transferee's manager (if transferee or transferee's principal will not manage the Express Unit), at the transferee's expense, complete any training programs then in effect for franchisees and managers upon such terms and conditions as the Company may reasonably require;

14.3.1.10 That Franchisee pay a transfer fee in an amount equal to fifty percent (50%) of the express unit franchise fee being charged to new System franchisees at the time of the transfer; provided, however, in the case of a transfer to a corporation or limited liability company formed by Franchisee for the convenience of ownership, (a) no such transfer fee shall be required for transfers occurring prior to twelve (12) months from the date of execution of this Agreement, and (b) a transfer fee of two hundred dollars (\$200) shall be required for transfers occurring at or any time after twelve (12) months from the date of execution of this Agreement. The Company may, in its sole discretion, reduce the transfer fee if the transferee is an existing Rita's franchisee;

14.3.1.11 That transferor shall have first offered to sell any such controlling interest to the Company, pursuant to Section 14.6 hereof;

14.3.1.12 That Franchisee deliver to the Company each and every copy of the Manual prior to the date of transfer. If Franchisee has lost any of the Manuals or fails to deliver each and every copy of the Manuals, Franchisee shall pay to the Company on or before the date of transfer the Company's then-current Manual replacement fee for each Manual that has been lost or not delivered to the Company; and

14.3.2 if a transfer, alone or together with other previous, simultaneous, or proposed transfers would have the effect of transferring a non-controlling interest in Franchisee (as determined by the Company), the Company may, in its sole discretion, require that Franchisee pay a transfer fee in an amount equal to the mathematical product of (a) the percentage of interest in Franchisee being transferred, multiplied by (b) the transfer fee being charged under the then-current form of franchise agreement at the time of the transfer.

14.4 No Security Interest. Franchisee shall not grant a security interest in the Express Unit or in any of the assets of the Express Unit unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, the Company shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event the Company exercises such option, any acceleration of indebtedness due to Franchisee's default shall be void.

14.5 Company's Option on Batch Machine. If Franchisee or other party owning any batch machine used in, or intended for use in, the operation of the Franchised Business desires to accept any bona fide offer from a third party to purchase the batch machine, such party shall first offer to sell the batch machine(s) to the Company. Franchisee shall notify the Company as provided in Section 14.3 hereof, and shall provide such information and documentation relating to the offer as the Company may require. The Company or its designated affiliate shall have the right and option, exercisable within fifteen (15) days after receipt of such written notification, to send written notice to the seller that the Company or its affiliate intends to purchase the batch machine(s).

14.6 Company's Right of First Refusal. Except as otherwise provided in Section 14.5 hereof, if any party holding any direct or indirect controlling interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Express Unit desires to accept any bona fide offer from a third party to purchase such interest, such party shall first offer to sell such interest to the Company on such terms and conditions as described in this Section 14.6. Franchisee shall notify the Company as provided in Section 14.3 hereof, and shall provide such information and documentation relating to the offer as the Company may require. The Company or its designated affiliate shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that the Company or its affiliate intends to purchase the seller's interest on the same terms and conditions offered by the third party. In the event the Company or its affiliate elects to purchase the seller's interest, no material change in any offer and no other offers by a third party for such interest shall be considered with respect to the Company's right of first refusal. In the event the Company or its affiliate elects to purchase the seller's interest, closing on such purchase shall occur within

ninety (90) days from the date of notice to the seller of the election to purchase by the Company. In the event the Company or its affiliate elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by the Company or its affiliate as in the case of the third party's initial offer. Failure of the Company or its affiliate to exercise the option afforded by this Section 14.6 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 14, with respect to a proposed transfer. In the event the consideration, terms, and/or conditions offered by a third party are such that the Company or its designated affiliate may not reasonably be required to furnish the same consideration, terms, and/or conditions, then the Company or its affiliate may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, an independent appraiser shall be designated by the Company or its affiliate at the Company's expense, and the appraiser's determination shall be binding.

14.7 Death or Mental Incapacity. Upon the death or mental incapacity of any person with any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Express Unit, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by the Company within nine (9) months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 14, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by the Company within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, the Company may terminate this Agreement, pursuant to Section 15.2.7 hereof.

14.8 Nonwaiver. The Company's consent to a transfer of any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Express Unit shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of the Company's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

14.9 Sale of Securities. All materials required for any offer or sale of securities of Franchisee by federal or state law shall be submitted to the Company for review, approval and consent prior to their being filed with any government agency; and any materials to be used in any exempt offering shall be submitted to the Company for review, approval and consent prior to their use. No Franchisee offering shall imply (by use of the Proprietary Marks or otherwise) that the Company is participating as an underwriter, issuer, or offeror of Franchisee's or the Company's securities; and the Company's review of any offering shall be limited solely to the subject of the relationship between Franchisee and the Company. Franchisee and the other participants in the offering must fully indemnify the Company in connection with the offering (subject to such limitations which are customary in offerings of this nature). For each proposed offering, Franchisee shall pay to the Company a non-refundable fee of Five Thousand Dollars (\$5,000), or such greater amount as may be necessary to reimburse the Company for its reasonable costs and expenses in connection with reviewing the proposed offering, including,

without limitation, legal and accounting fees. If the documentation with respect to any such offer or sale is significantly less than what would normally be required in the case of such an offering, then the fee Franchisee shall pay to the Company for its costs and expenses shall be adjusted downward in order to reflect the amount of time actually expended in connection with such review. Franchisee shall give the Company written notice at least thirty (30) days prior to the date of commencement of any such offering. Any such offering shall be subject to the Company's right of first refusal as provided in Section 14.6 hereof.

14.10 Personal Guaranty of Principals. If Franchisee is a corporation, partnership or limited liability company, the Company reserves the right to require each shareholder, partner, member and manager (as the case may be) holding an interest in Franchisee to execute a covenant with the Company agreeing not to transfer any interest in Franchisee except in accordance with the terms and conditions of this Agreement, including without limitation, the Company's right of first refusal described in Section 14.6 hereof.

15. DEFAULT AND TERMINATION

15.1 Automatic Termination. Franchisee shall be deemed to be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; if Franchisee is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the Express Unit premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Express Unit shall be sold after levy thereupon by any sheriff, marshal, or constable.

15.2 Notice Without Opportunity to Cure. Franchisee shall be deemed to be in default and the Company may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, upon the occurrence of any of the following events of default:

15.2.1 If Franchisee fails to open the Express Unit within the time limits provided in Section 5.1 of this Agreement;

15.2.2 If Franchisee or any of its principles or, if applicable, Franchisee's manager fails to complete the initial training program described in Section 6 hereof to the Company's satisfaction;

15.2.3 If Franchisee at any time ceases to operate or otherwise abandons the Express Unit, loses the right to possession of the Express Unit Approved Location, or otherwise forfeits the right to do or transact business in the jurisdiction where the Express Unit is located. However, if, through no fault of Franchisee, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then Franchisee shall have thirty (30) days after such event in which to apply for the Company's approval to relocate and/or reconstruct the Express Unit Approved Location, which approval shall not be unreasonably withheld;

15.2.4 If Franchisee is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that the Company believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or the Company's interest therein;

15.2.5 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Express Unit;

15.2.6 If any purported assignment or transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Express Unit is made to any third party without the Company's prior written consent, contrary to the terms of Section 14 hereof;

15.2.7 If an approved transfer is not effected within the time provided following death or mental incapacity, as required by Section 14.7 hereof;

15.2.8 If Franchisee fails to comply with the covenants in Section 17.2 and Section 17.3 hereof or fails to obtain execution of the covenants required under Section 17.9 hereof;

15.2.9 If, contrary to the terms of Sections 9 or 10 hereof, Franchisee discloses or divulges the contents of the Manuals or other Confidential Information provided to Franchisee by the Company;

15.2.10 If Franchisee knowingly maintains false books or records, or submits any false reports or information to the Company;

15.2.11 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated therewith or the Company's rights therein;

15.2.12 If Franchisee refuses to permit the Company to inspect the Express Unit premises, or the books, records, or accounts of Franchisee upon demand;

15.2.13 If Franchisee, upon receiving a notice of default under Section 15.3 hereof, fails to initiate immediately a remedy to cure such default;

15.2.14 If Franchisee, after curing any default hereunder commits the same or a similar default again, whether or not cured after notice; or

15.2.15 If Franchisee commits two (2) or more defaults hereunder (whether or not cured after notice) in any twelve-month period, or

15.2.16 If Franchisee or any affiliate or principal of Franchisee is in default under any other agreement or promissory note with the Company or any affiliate of the Company.

15.3 Notice With Opportunity to Cure. Except as otherwise provided in Sections 15.1 and 15.2 of this Agreement, upon any other default by Franchisee, the Company may terminate this Agreement by giving written notice of termination stating the nature of such failure to Franchisee at least fourteen (14) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the Company's satisfaction within the fourteen-day period (or such longer period as may be required to cure said default by reason of the nature thereof or as applicable law may require). If any such default is not cured within the specified period, or such longer period as applicable law may require, this Agreement shall terminate automatically without further notice to Franchisee, effective immediately upon the expiration of the fourteen-day period or such longer period as applicable law may require. Such defaults shall include, without limitation, the following illustrative events:

15.3.1 If Franchisee fails to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by the Manuals, or fails to carry out the terms of this Agreement in good faith;

15.3.2 If Franchisee fails, refuses, or neglects promptly to pay any monies owing to the Company or its affiliates when due, or to submit the financial or other information required by the Company under this Agreement;

15.3.3 If Franchisee fails to maintain or observe any of the specifications, standards or procedures prescribed by the Company in this Agreement, the Manuals, or otherwise in writing;

15.3.4 Except as provided in Section 15.2.6 hereof, if Franchisee fails, refuses, or neglects to obtain the Company's prior written approval or consent as required by this Agreement;

15.3.5 If Franchisee acts, or fails to act, in any manner which is inconsistent with or contrary to its lease or sublease for the premises, or in any way jeopardizes its right to renewal of such lease or sublease;

15.3.6 If Franchisee fails to maintain adequate product and service quality and facility cleanliness of the Express Unit, or fails to maintain necessary sanitation certificates, business licenses, or any other local, state or other governmental authorization to conduct the business contemplated under this Agreement; or

15.3.7 If Franchisee engages in any business or markets any service or product under a name or mark which, in the Company's opinion, is confusingly similar to the Proprietary Marks.

15.3.8 Limited Termination Right Without Liability. In the event that the location of the Franchise is in a temporary venue like a sports venue and the sports venue closes permanently, then this Agreement will be deemed mutually terminated for the convenience of all Parties to this Agreement. Nothing in this Section 15.3.8 of this Agreement shall amend or modify the post term obligations outlined in this Agreement.

15.4 Cross Default. Default under this Agreement shall constitute a default under any Development Agreement between the parties, or affiliates of the parties, pursuant to which the Franchise Agreement was executed. A default under this Franchise Agreement for which this Agreement has been terminated shall constitute a default under any other franchise agreement between the parties hereto.

16. OBLIGATIONS UPON TERMINATION OR EXPIRATION

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

16.1 Cease Operations. Franchisee shall immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of the Company.

16.2 Cease Use of Confidential Information and Proprietary Marks. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System, the Proprietary Mark “Rita’s Ice-Custard-Happiness”, and other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, products, and any other articles which display the Proprietary Marks.

16.3 Cancellation of Assumed Name and Registrations. Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the Proprietary Marks, any other service mark or trademark of the Company or its affiliates, and Franchisee shall furnish the Company with evidence satisfactory to the Company of compliance with this obligation within ten (10) days after termination or expiration of this Agreement.

16.4 Assignment of Lease and Telephone Numbers/Deidentification. Franchisee shall, at the Company’s option, assign to the Company or its designee any interest which Franchisee has in any lease or sublease for the premises of the Franchised Business. In the event the Company or its designee does not elect to exercise its option to acquire the lease or sublease for the premises of the Franchised Business, Franchisee shall make such modifications or alterations to the premises (including, without limitation, the changing of, and the assigning to the Company or its designee of, any telephone number(s) and telephone listing(s)) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the premises from that of the Franchised Business under the System, and shall make such specific additional changes thereto as the Company may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 16.4, the

Company shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee. Franchisee agrees to pay to the Company upon demand the Company's then-current fee and expenses incurred for de-identifying the premises of the Franchised Business.

16.5 Use of Proprietary Marks Prohibited. Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in the Company's sole discretion, is likely to cause confusion, mistake, or deception, or which, in the Company's sole discretion, is likely to dilute the Company's rights in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description, or representation (including but not limited to reference to the Company, the System, or the Proprietary Marks) which, in the Company's sole discretion, suggests or represents a present or former association or connection with the Company, the System, or the Proprietary Marks.

16.6 Payment of Sums Owed. Franchisee shall promptly pay all sums owing to the Company and its affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by the Company as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of the Company against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the premises operated hereunder at the time of default. In addition, the Company shall be entitled to recover from Franchisee the Company's lost profits in an amount equal to the mathematical product of (a) the number of months of the unexpired portion of Franchisee's initial term under this Agreement, multiplied by (b) Franchisee's average monthly royalty fee and Advertising Fee payments during the twelve-month period prior to termination. Franchisee acknowledges and agrees that such amount is a reasonable estimate of the Company's lost profits following termination of this Agreement. Franchisee further acknowledges and agrees that Franchisee is obligated to pay the Company for its lost profits due to Franchisee's breach of this Agreement, notwithstanding that the Company has terminated this Agreement.

16.7 Return of Manuals. Franchisee shall immediately deliver to the Company the Manuals, all copies, summaries, and extracts from it, and all other records, correspondence, newsletters, advertising layouts and instructions containing Confidential Information relating to the operation of the Franchised Business (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of the Company, and shall retain no copy or record of any of the foregoing, including any in electronic format, with the exception of Franchisee's copy of this Agreement, any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law. If Franchisee does not deliver all of the Manuals to the Company, Franchisee shall pay the Company five hundred dollars (\$500) for each Manual that Franchisee does not deliver to the Company.

16.8 Company's Option to Purchase Batch Machine. The Company or its designated affiliate shall have the option, to be exercised within thirty (30) days after termination or

expiration, to purchase from Franchisee each batch machine used in, or intended for use in, the operation of the Franchised Business for the fair market value. If the parties cannot agree on a fair market value of the batch machines within a reasonable time, an independent appraisal shall be conducted at the Company's expense and the appraiser's determination shall be binding.

16.9 Company's Option to Purchase Assets. The Company or its designated affiliate shall have the option, to be exercised within thirty (30) days after termination or expiration, to purchase from Franchisee any or all of the Rita's Mixes, furnishings, equipment (except as provided in Section 16.8 hereof), signs, fixtures, stationery, letterhead, forms, packaging and advertising materials containing the Proprietary Marks, related to the operation of the Franchised Business at fair market value or at Franchisee's depreciated book value, whichever is less, and to purchase any or all supplies and inventory of the Franchised Business at Franchisee's cost or depreciated book value, whichever is less. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraisal shall be conducted at the Company's expense, and the appraiser's determination shall be binding. If the Company or its affiliate elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment thereof.

16.10 Post Term Covenants. Franchisee shall comply with the covenants contained in Section 17.3 of this Agreement.

16.11 Websites. Franchisee shall immediately irrevocably assign and transfer to the Company or its designee any and all interests Franchisee may have in any Website maintained by Franchisee in connection with the Franchised Business and in the domain name and home page address related to such Website. Franchisee shall immediately execute any documents and perform any other actions required by the Company to effectuate such assignment and transfer and otherwise ensure that all rights in such Website revert to the Company or its designee, and hereby appoints the Company as its attorney-in-fact to execute such documents on Franchisee's behalf if Franchisee fails to do so. Franchisee may not establish any Website using any similar or confusing domain name and/or home page address, including any site created and used for complaints against the Company its officers, directors or employees or personal attacks which use the Company's name or any variant thereof.

17. COVENANTS

17.1 Best Efforts. Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by the Company, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal, general partner or member or manager of Franchisee) or Franchisee's approved manager shall devote full time, energy, and best efforts to the management and operation of the Franchised Business hereunder.

17.2 In Term Covenants. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of the Company and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by the Company,

Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

17.2.1 Divert or attempt to divert any business or guest of Franchisee's Express Unit or any Rita's shop 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 Proprietary Marks and the System;

17.2.2 Unless released in writing by the employer, employ or seek to employ any person who is at that time employed by the Company or any franchisee or developer of the Company, or otherwise directly or indirectly to induce such person to leave his or her employment;

17.2.3 Own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a) is the same as, or substantially similar to, a Rita's shop; (b) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the Proprietary Products; or (c) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by a Rita's shop including, but not limited to, Italian ice, soft serve ice cream, custard, ice cream, frozen yogurt or other frozen confections, where the sale of such products constitutes or is intended to constitute five percent (5%) or more of the gross sales of the business operated or intended to be operated. The prohibitions in this Section 17.2.3 shall not apply to interests in or activities performed in connection with a Rita's shop.

17.2.4 Franchisee shall not participate in any online forum that (a) is disparaging or critical of the Company, (b) is offensive, inflammatory or indecent, or (c) harms the goodwill and image of the system and/or the Proprietary Marks.

17.3 Post Term Covenants. Franchisee covenants that, except as otherwise approved in writing by the Company, Franchisee shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a)(i) is the same as, or substantially similar to, a Rita's shop; (ii) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the Proprietary Products including, but not limited to, Italian ice, soft serve ice cream, custard, ice cream, frozen yogurt or other frozen confections; or (iii) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by a Rita's shop where the sale of such products constitutes or is intended to constitute five percent (5%) or more of the gross sales of the business operated or intended to be operated; and (b) is, or is intended to be, located at or within:

17.3.1 Franchisee's Territory;

17.3.2 Three (3) miles of Franchisee's Territory; or

17.3.3 Three (3) miles of any Rita's shop operating under the System and the Proprietary Marks.

17.3.4 Three (3) miles of any former Rita's shop that closed less than two (2) years prior to the expiration or termination of this Agreement.

The prohibitions in this Section 17.3 shall not apply to interests in or activities performed in connection with a Rita's shop.

17.4 No Application to Equity Securities. Section 17.3 shall not apply to ownership by Franchisee less than a one percent (1%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities and Exchange Act of 1934.

17.5 Independent Covenants. 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 17 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, Franchisee 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 17.

17.6 Company's Reduction of Scope of Covenant. Franchisee understands and acknowledges that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 17.2 and 17.3 of this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees to comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 23 hereof.

17.7 No Defense. Franchisee expressly agrees that the existence of any claims Franchisee may have against the Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by the Company of the covenants in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by the Company in connection with the enforcement of this Section 17.

17.8 Injunctive Relief. Franchisee acknowledges that Franchisee's violation of the terms of this Section 17 would result in irreparable injury to the Company for which no adequate remedy at law may be available; and Franchisee accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by the Company in obtaining, an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section 17.

17.9 Covenants by Related Persons. Upon the Company's request, Franchisee shall provide the Company with executed covenants similar in substance to those set forth in Section 10 hereof and this Section 17 (including covenants applicable upon the termination of a person's relationship with Franchisee) from any salaried employee of Franchisee who is obligated to receive training from the Company and any family member who will receive training or have access to any of the Confidential Information of the Company. In no event shall any person described above be granted access to any confidential aspect of the System or the

Franchised Business prior to execution of such a covenant. All covenants required by this Section 17 shall be in the form attached as Exhibit C and shall identify the Company as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Franchisee to obtain execution of a covenant required by this Section 17, and provide the same to the Company, shall constitute a material breach of this Agreement.

18. CORPORATE, PARTNERSHIP OR LIMITED LIABILITY COMPANY FRANCHISEE

18.1 Corporate Franchisee. A Franchisee which is a corporation shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

18.1.1 Franchisee shall furnish the Company with its Articles of Incorporation, Bylaws, other governing documents and any amendments thereto including the Resolution of the Board of Directors authorizing entry into this Agreement. The Company shall maintain the right to review other of Franchisee's corporate documents from time to time as it, in its sole discretion, deems advisable, including, but not limited to, minutes of the meetings of Franchisee's Board of Directors, any other documents the Company may reasonably request, and any amendments thereto.

18.1.2 Franchisee shall be a newly organized corporation, and shall at all times confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Rita's Shop contemplated hereunder.

18.1.3 Franchisee shall maintain stop transfer instructions against the transfer on its records of any equity securities; and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

The transfer of this stock is subject to the terms and conditions of a Franchise Agreement with Rita's Water Ice Franchise Company, LLC dated _____. Reference is made to the provisions of the said Franchise Agreement and to the Articles and Bylaws of this Corporation.

Notwithstanding the above, the requirements of this Section 18.1.3 shall not apply to a "publicly-held corporation." A "publicly-held corporation" for purposes of this Agreement shall mean a corporation registered pursuant to the Securities and Exchange Act of 1934.

18.1.4 Franchisee shall maintain a current list of all owners of record and to its knowledge, all beneficial owners of any class of voting securities of Franchisee and shall furnish the list to the Company upon request.

18.2 Partnership Franchisee. A Franchisee which is a partnership shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

18.2.1 Franchisee shall furnish the Company with its partnership agreement as well as such other documents as the Company may reasonably request, and any amendments thereto, which shall contain a restriction on transfer of any partnership interest without the prior written consent of the Company.

18.2.2 Franchisee shall prepare and furnish to the Company, upon request, a list of all general and limited partners in Franchisee.

18.3 Limited Liability Company Franchisee. A Franchisee which is a limited liability company shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

18.3.1 Franchisee shall furnish the Company with its operating agreement and other governing documents and any amendments thereto. The Company shall maintain the right to review other of Franchisee's limited liability company documents from time to time as it, in its sole discretion, deems advisable including all documents the Company may reasonably request, and any amendments thereto.

18.3.2 Franchisee shall be a newly organized limited liability company, and shall at all times confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Rita's Shop contemplated hereunder.

18.3.3 Franchisee shall maintain a current list of all members and managers of record and shall furnish the list to the Company upon request.

18.4 Franchisee represents and warrants that, as of the Effective Date, the list of owners and their respective ownership interests described in the Data Sheet attached hereto is complete and accurate.

18.5 As a condition of the effectiveness of this Agreement, all owners with any interest in Franchisee and their spouses shall executed the Guarantee, Indemnification and Acknowledgment attached as Exhibit A hereto.

19. TAXES, PERMITS AND INDEBTEDNESS

19.1 Prompt Payment. Franchisee shall: (i) promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and (ii) pay in accordance with normal business practice all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business under this Agreement. Franchisee shall pay the Company an amount equal to any sales tax, a pro rata share of any state income tax imposed on the Company by the state in which the Franchised Business is located allocated among all franchisees under the System in such state, or similar tax imposed on the Company with respect to any payments to the Company required under this Agreement, unless the Company uses the tax as a credit against any tax based on or measured by net or gross income otherwise payable by the Company.

19.2 In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any material improvements thereon.

19.3 Franchisee shall comply in all material respects with all federal, state, and local laws, rules, and regulations (including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Express Unit), and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, health certificates, permits, fictitious name registrations, sales tax permits, and fire clearances.

19.4 Franchisee shall immediately notify the Company in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

20.1 No Agency. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, 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.

20.2 Independent Contractor. During the term of this Agreement and any extensions thereof, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from the Company. Franchisee agrees to take such action as may be reasonably requested by the Company to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the Express Unit, the content of which the Company reserves the right to specify.

20.3 Indemnification. It is understood and agreed that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on the Company's behalf, or to incur any debt or other obligation in the Company's name; and that the Company shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall the Company be liable by reason of any act or omission of Franchisee in its conduct of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or the Company. Franchisee shall indemnify and hold the Company, its affiliates and their respective officers, directors and employees harmless against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchised Business, as well as the costs, including attorneys' fees, of defending against them.

21. APPROVALS AND WAIVERS

21.1 Approval and Consent. Whenever this Agreement requires the prior approval or consent of the Company, Franchisee shall make a timely written request to the Company thereto, and such approval or consent must be obtained in writing.

21.2 No Warranties or Guarantees. The Company makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request thereto.

21.3 No Waiver. No failure of the Company to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of the Company’s right to demand exact compliance with any of the terms herein. Waiver by the Company of any particular default by Franchisee shall not affect or impair the Company’s rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of the Company to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof, affect or impair the Company’s right to exercise the same, nor shall such constitute a waiver by the Company of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by the Company of any payments due to it hereunder shall not be deemed to be a waiver by the Company of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered or certified mail return receipt requested, overnight carrier, e-mail facsimile or by other means which affords the sender evidence of delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery shall be deemed to have been given at the date and time of receipt, or if delivery is refused, at the time and date of attempted delivery.

Notices to the Company:

RITA’S WATER ICE FRANCHISE
COMPANY, LLC
1210 Northbrook Drive, Suite 310
TREVOSE, PA 19053
ATTN: JONATHAN FORNACI, PRESIDENT
AND CHIEF EXECUTIVE OFFICER
(800) 677-7482
Notice@ritascorp.com

Notices to Franchisee:

Fax No. _____

23. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the attachments hereto, if any, constitute the entire, full, and complete agreement between the Company and Franchisee concerning the subject matter hereof and supersede any and all prior agreements. Internal policies of the Company shall not be part of this Agreement. Except for the covenants set forth in Section 17 hereof, no amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing. Nothing in this Agreement or any related agreement between Franchisee and the Company is intended to disclaim the representations made by the Company in its Franchise Disclosure Document.

24. SEVERABILITY AND CONSTRUCTION

24.1 Severability. Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

24.2 No Rights or Remedies Conferred Upon Other Parties. 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 the Company or Franchisee and such of their respective successors and assigns as may be contemplated by Section 7 hereof, any rights or remedies under or by reason of this Agreement.

24.3 Promises and Covenants. Franchisee expressly agrees to be bound by any promise or covenants 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 the Company is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

24.4 Captions and Headings. 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.

24.5 Survival. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

25. APPLICABLE LAW; DISPUTE RESOLUTION

25.1 Applicable Law. This Agreement takes effect upon its acceptance and execution by the Company, and shall be interpreted and construed under the laws of the Commonwealth of Pennsylvania, which laws shall prevail in the event of any conflict of law.

25.2 Jurisdiction and Venue. Except as otherwise set forth herein, all disputes between the parties shall be brought in, and the parties expressly agree to the jurisdiction and venue of, any court of general jurisdiction in Philadelphia County, Pennsylvania the United States District Court for the Eastern District of Pennsylvania. All appeals from or relating to any arbitration which may be had in accordance with this Section 25 shall be heard before a federal court in that district.

25.3 Mediation. At the Company's sole discretion, any disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, shall first be submitted for mediation administered by the American Arbitration Association ("AAA") in accordance with its Commercial Mediation Procedures before resorting to arbitration, litigation, or some other dispute resolution procedure. If submitted to mediation, the same shall take place before a sole mediator in Philadelphia, Pennsylvania at the office of the AAA located in Philadelphia, Pennsylvania. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between the Company and Franchisee.

25.4 Arbitration. At the Company's sole discretion, disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, will be submitted to arbitration at the office of the AAA located in Philadelphia, Pennsylvania in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the AAA. Any disputes to be resolved by arbitration shall be governed by the Federal Arbitration Act, as amended.

25.4.1 The following shall supplement and, in the event of a conflict, shall govern any dispute submitted to arbitration. The parties shall select one arbitrator from the panel provided by the AAA and the arbitrator shall use the laws of Pennsylvania for interpretation of this Agreement. In selecting the arbitrator from the list provided by the AAA, the Company and Franchisee shall make the selection by the striking method. The arbitrator shall be a member of the Pennsylvania bar. The parties may conduct one discovery deposition of the opposing party and no other discovery depositions unless the arbitrator believes it is necessary. Each party shall be entitled to file a motion to dismiss, a motion for summary judgment and a motion in limine and to propound up to ten interrogatories and a request for production of documents. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The arbitrator's award shall include interest from the date of any damages incurred, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator, but in no event less than 1.5% per month, or part of a month, from the date until paid. The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator's fee,

attorneys' fees, interest, and costs of investigation. The arbitration hearings shall be completed within 150 days of the filing of the arbitration demand.

25.4.2 The arbitrator shall have no authority to amend or modify the terms of the Agreement. The Company and Franchisee further agree that, unless such a limitation is prohibited by applicable law, neither the Company nor Franchisee shall be liable for punitive or exemplary damages, and the arbitrator shall have no authority to award the same. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the Company and Franchisee. Judgment upon the award of the arbitrator shall be submitted for confirmation to the United States District for the Eastern District of Pennsylvania or the Philadelphia Court of Common Pleas, and, if confirmed, may be subsequently entered in any court having competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

25.5 Limitation. Any and all claims that Franchisee may have relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, against the Company, its affiliates, officers, directors, and employees shall be made by filing a claim hereunder within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim. Failure by Franchisee to file a claim within one (1) year will result in the loss and waiver forever of such claim.

25.6 Injunctive Relief. Nothing contained in this Agreement shall prevent the Company from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect the Company's interests.

25.7 The Company's Costs and Expenses. Except as expressly provided by Sections 25.2 hereof, Franchisee shall pay all expenses, including attorneys' fees and costs, incurred by the Company, its affiliates, and its successors and assigns (a) to remedy any of Franchisee's defaults of, or enforce any of the Company's rights under, this Agreement; (b) to effect termination of this Agreement; and (c) to collect any amounts due under this Agreement.

25.8 Rights and Remedies Not Exclusive. No right or remedy conferred upon or reserved to the Company 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.

25.9 Best Efforts. The parties hereto agree to use their best efforts to fulfill the terms of this Agreement. In connection therewith, Franchisee agrees to execute all documents necessary to fulfill the terms of this Agreement and hereby appoints the Company as its attorney in fact to do so in the event that Franchisee fails to do so after reasonable request from the Company.

25.10 WAIVER OF RIGHTS. THE COMPANY AND FRANCHISEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE AS FOLLOWS:

25.10.1 THE COMPANY AND FRANCHISEE BOTH EXPRESSLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY; AND

25.10.2 THE COMPANY AND FRANCHISEE BOTH EXPRESSLY WAIVE ANY CLAIM FOR PUNITIVE, MULTIPLE, AND/OR EXEMPLARY DAMAGES, except that THE COMPANY shall be free at any time hereunder to bring an action for willful trademark infringement and, if successful, to receive an award of multiple damages as provided by law.

25.10.3 THE FRANCHISEE WILL NOT BE ABLE TO BRING A CLASS ACTION OR OTHER REPRESENTATIVE ACTION IN COURT NOR WILL FRANCHISEE BE ABLE TO BRING ANY CLAIM IN ARBITRATION AS A CLASS ACTION OR OTHER REPRESENTATIVE ACTION. FRANCHISEE WILL NOT BE ABLE TO BE PART OF ANY CLASS ACTION OR OTHER REPRESENTATIVE ACTION BROUGHT BY ANYONE ELSE, OR BE REPRESENTED IN A CLASS ACTION OR OTHER REPRESENTATIVE ACTION.

26. ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTIES

26.1 Independent Investigation. Franchisee acknowledges that it has conducted an independent investigation of the business contemplated hereunder, 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 businessman, or if Franchisee is a corporation, partnership or limited liability company, its owners as independent businessmen. The Company expressly disclaims the making of, and Franchisee expressly disclaims receiving any warranty, representation or guarantee, express or implied, not contained expressly in this Agreement including, without limitation, as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement. Franchisee also expressly disclaims relying upon any such warranty, representation or guarantee in connection with Franchisee's independent investigation of the business contemplated hereunder.

26.2 Receipt of Agreement. Franchisee acknowledges that it received the Company's current Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it received a completed copy of this Agreement, and all related agreements attached to the Franchise Disclosure Document, with any changes to such agreements unilaterally and materially made by the Company at least seven (7) calendar days prior to the date on which this Agreement and all related agreements were executed.

26.3 Opportunity to Consult with Advisors. Franchisee acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto; and, that the Company has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

26.4 Compliance With Anti-Terrorism Laws. Franchisee acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Executive Order"), the Company is prohibited from engaging in any transaction

with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order. Accordingly, Franchisee represents and warrants to the Company that as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee is designated under the Executive Order as a person with whom business may not be transacted by the Company, and that Franchisee (a) does not, and hereafter shall not, engage in any terrorist activity; (b) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (c) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed, and delivered this Agreement on the day and year first above written.

WITNESS:

FRANCHISEE

Name: _____

WITNESS:

Name: _____

ATTEST:

**RITA'S WATER ICE FRANCHISE
COMPANY, LLC**

By: _____

Title: _____

**EXHIBIT A TO
RITA'S WATER ICE FRANCHISE COMPANY, LLC
EXPRESS UNIT FRANCHISE AGREEMENT**

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT

As an inducement to Rita's Water Ice Franchise Company, LLC ("the Company") to execute the Express Unit Franchise Agreement between the Company and _____ ("Franchisee") dated _____, 20__ (the "Agreement"), the undersigned _____ ("Guarantor(s)"), jointly and severally, hereby unconditionally guarantee to the Company and its successors and assigns that all of Franchisee's obligations under the Agreement will be punctually paid and performed.

Upon demand by the Company, the undersigned will immediately make each payment required of Franchisee under the Agreement. The undersigned hereby waive any right to require the Company to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the undersigned under this Guarantee, the Company may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby agree to defend, indemnify, and hold the Company harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the Franchisee's confidentiality provisions and non-competition covenants contained in Sections 10 and 17 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect. In the event of a transfer of any interest of a guarantor in the Franchisee, such guarantor shall not be released from its obligations under this Guarantee.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 25 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the Commonwealth of Pennsylvania which laws shall prevail in the event of any conflict of law. The other dispute resolution provisions of Section 25 of the Agreement shall apply to this Guarantee.

Any and all notices required or permitted under this Agreement shall be in writing, and shall be delivered by any means which affords the sender evidence of delivery or of attempted delivery, 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 the Company:

RITA'S WATER ICE FRANCHISE
COMPANY, LLC
1210 Northbrook Drive, Suite 310
TREVOSSE, PA 19053
ATTN: JONATHAN FORNACI,
PRESIDENT AND CHIEF EXECUTIVE
OFFICER
(800) 677-7482
Notice@ritascorp.com

Notices to Guarantors:

Notice shall be deemed to have been given at the date and time of delivery or of attempted delivery.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

WITNESS:

GUARANTORS:

WITNESS:

WITNESS:

**EXHIBIT B TO
RITA’S WATER ICE FRANCHISE COMPANY, LLC
EXPRESS UNIT FRANCHISE AGREEMENT**

DATA SHEET (Part 1)

(To be completed by the Effective Date)

- A. The Company: Rita’s Water Ice Franchise Company, LLC
- B. The Company’s Address: 1210 Northbrook Drive, Suite 310,
Trevose, Pennsylvania 19053
- C. Franchisee: _____
Address: _____

- D. Express Unit Franchise Fee: _____
- E.. Transfer Fee: Fifty percent of then-current Express Unit Franchise
Fee
(less for transfer of non-controlling interest in
Franchisee)
- F.. Renewal Fee: Fifty percent of then-current Express Unit Franchise
Fee
- G. Initial Term:
1. Commencing: Effective Date (See p. 1)
2. Expiring: On the tenth (10th) anniversary of the
Commencement of Operation (see Data Sheet, Part
3) or in the event none is specified then the tenth
(10th) anniversary of the Effective Date.
- H. Franchisee represents and warrants that, as of the Effective Date, the following is a
complete and accurate summary of the ownership interests of all of the owners of the
Franchisee:

Owner’s Name	Ownership Interest

WITNESS:

FRANCHISEE

(Name)

(Name)

(Name)

ATTEST:

**RITA'S WATER ICE FRANCHISE
COMPANY, LLC**

BY: _____

TITLE: _____

DATA SHEET (Part 2)
(To be completed on opening of Express Unit)

A. Franchisee's Approved Location _____

B. Franchisee's Territory: _____

WITNESS:

FRANCHISEE

(Name)

(Name)

ATTEST:

**RITA'S WATER ICE FRANCHISE
COMPANY, LLC**

BY: _____

TITLE: _____

**EXHIBIT B TO
RITA'S WATER ICE FRANCHISE COMPANY, LLC
EXPRESS UNIT FRANCHISE AGREEMENT**

DATA SHEET (PART 3)

(To be completed on opening of Express Unit)

I acknowledge that the Express Unit described below opened for business on the date indicated below:

Express Unit Address:

Date of Commencement of Operation:

WITNESS:

FRANCHISEE:

Name: _____

WITNESS:

Name: _____

**EXHIBIT C TO
RITA'S WATER ICE FRANCHISE COMPANY, LLC
EXPRESS UNIT FRANCHISE AGREEMENT**

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease entered into by and between Lessor and _____, a franchisee in the Rita's Water Ice System hereby:

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

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the defaults, if any, of Assignor under the Lease;

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

DATED: _____

LESSOR:

**EXHIBIT C TO
RITA'S WATER ICE FRANCHISE COMPANY, LLC
EXPRESS UNIT FRANCHISE AGREEMENT**

CONDITIONAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") hereby assigns and transfers to Rita's Water Ice Franchise Company, LLC, a Delaware limited liability company ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "Lease") respecting premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

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

Upon a default by Assignor under the Lease or under the express unit franchise agreement for an Express Unit between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

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

WITNESS:

ASSIGNOR:

WITNESS:

ASSIGNOR:

**EXHIBIT D TO
RITA'S WATER ICE FRANCHISE COMPANY, LLC
EXPRESS UNIT FRANCHISE AGREEMENT**

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained, salaried employees of Franchisee)

In consideration of my being a _____ of _____ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. _____, doing business as _____ (the "Franchisee"), has acquired the right and franchise from Rita's Water Ice Franchise Company, LLC (the "Company") to establish and operate a Rita's shop express unit (the "Rita's Shop" or "Franchised Business") and the right to use in the operation of the Rita's Shop the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Rita's shops (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: _____ (the "Approved Location").

2. The Company has developed, and may hereafter develop, unique formulas and methods for preparing Italian ice, and offers and sells, to the public, frozen custard and other food products pursuant to unique and original formulas, trade secrets, quality standards, and specifications prepared from proprietary and/or approved mixes at Rita's shops (collectively, the "Proprietary Products"). The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary and/or approved mixes, ingredients, formulae, recipes and methods of preparation of certain food products, and methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As _____ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, Rita's Systems Manuals (the "Manuals") and other general assistance during the term of this Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a) is the same as, or substantially similar to, a Rita's shop; (b) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the Proprietary Products; or (c) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by a Rita's shop where the sale of such products constitutes or is intended to constitute five percent (5%) or more of the gross sales of the business operated or intended to be operated; and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a)(i) is the same as, or substantially similar to, a Rita's shop; (ii) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the Proprietary Products including, but not limited to, Italian ice, soft serve ice cream, custard, ice cream, frozen yogurt or other frozen confections; or (iii) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by a Rita's shop where the sale of such products constitutes or is intended to constitute five percent (5%) or more of the gross sales of the business operated or intended to be operated; and (b) is, or is intended to be, located at or within:

7.1 Three (3) miles of Franchisee's Rita's Shop ("Franchisee's Territory");

7.2 Three (3) miles of Franchisee's Area; or

7.3 Three (3) miles of any Rita's shop operating under the System and the Proprietary Marks.

7.4 Three (3) miles of any former Rita's shop that closed less than two (2) years prior to the expiration or termination of this Agreement.

The prohibitions in this Section 7 do not apply to my interests in or activities performed in connection with a Rita's shop. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly-held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature: _____

Name: _____

Address: _____

Title: _____

ACKNOWLEDGED BY FRANCHISEE

By: _____

Name: _____

Title: _____

**EXHIBIT H TO
FRANCHISE DISCLOSURE DOCUMENT**

RELEASE AGREEMENT

**RELEASE AGREEMENT
(Individual)**

This Release Agreement (“Agreement”) is made and entered into on this _____ day of _____, 20____ by and between Rita’s Water Ice Franchise Company, LLC (“Franchisor”) and _____ and _____ (“Franchisee”).

WITNESSETH:

WHEREAS, Franchisor and Franchisee are parties to a Rita’s Water Ice Franchise Agreement (the “Franchise Agreement”) dated _____, granting Franchisee the right to operate a Rita’s franchised business under Franchisor’s proprietary marks and system at the following location: _____ (the “Franchised Business”)

WHEREAS, Franchisee seeks to **[transfer the Franchised Business][renew the Franchise Agreement][other]**.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties hereto agree as follows:

Franchisee, for itself and its heirs, executors, administrators, successors, assigns, beneficiaries, agents, representatives, and employees (jointly and severally, the “Releasers”), irrevocably and absolutely releases and forever discharges Franchisor and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the “Releasees”) of and from all claims, obligations, actions or causes of action (however denominated), whether in law or in equity, and whether known or unknown, present or contingent, for any injury, damage, or loss whatsoever arising from any acts or occurrences occurring as of or prior to the date of this Agreement relating to the Franchise Agreement, the Franchised Business, and/or any other agreement between any of the Releasees and any of the Releasers. The Releasers, and each of them, also covenant not to sue any of the Releasees regarding any of the claims being released under this Agreement.

Franchisee represents that it has carefully and fully read this Agreement, has had ample opportunity to review it with an attorney of its choosing, and understands its content and consequences.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

RITA’S WATER ICE FRANCHISE COMPANY, LLC

FRANCHISEE

By: _____

Name: _____

Name: _____

Title: _____

Name: _____

RELEASE AGREEMENT
(Corporation, Limited Liability Company, or Partnership)

This Release Agreement (“Agreement”) is made and entered into on this _____ day of _____, 20__ by and between Rita’s Water Ice Franchise Company, LLC (“Franchisor”), _____ (“Franchisee”), and the undersigned principals of Franchisee.

WITNESSETH:

WHEREAS, Franchisor and Franchisee are parties to a Rita’s Water Ice Franchise Agreement (the “Franchise Agreement”) dated _____, granting Franchisee the right to operate a Rita’s franchised business under Franchisor’s proprietary marks and system at the following location: _____ (the “Franchised Business”).

WHEREAS, Franchisee seeks to **[transfer the Franchised Business][renew the Franchise Agreement][other]**.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties hereto agree as follows:

Franchisee, for itself and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the “Releasors”), irrevocably and absolutely releases and forever discharges Franchisor and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the “Releasees”) of and from all claims, obligations, actions or causes of action (however denominated), whether in law or in equity, and whether known or unknown, present or contingent, for any injury, damage, or loss whatsoever arising from any acts or occurrences occurring as of or prior to the date of this Agreement relating to the Franchise Agreement, the Franchised Business, and/or any other agreement between any of the Releasees and any of the Releasors. The Releasors, and each of them, also covenant not to sue any of the Releasees regarding any of the claims being released under this Agreement.

Franchisee represents that it has carefully and fully read this Agreement, has had ample opportunity to review it with an attorney of its choosing, and understands its content and consequences.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

RITA'S WATER ICE FRANCHISE COMPANY, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Name: _____

Individually

Name: _____

Individually

Name: _____

Individually

**EXHIBIT I TO
FRANCHISE DISCLOSURE DOCUMENT**

**BIG CUP FINANCING
PROMISSORY NOTE**

BIG CUP PROMISSORY NOTE

\$1,500

_____, 20__

FOR VALUE RECEIVED, _____, [individuals/corporate entity] with an address of _____ (“**Maker**”), promises to pay to RITA’S WATER ICE FRANCHISE COMPANY, LLC, a Delaware limited liability company having an address of 1210 Northbrook Drive, Suite 310, Trevoese, Pennsylvania 19053 (the “**Payee**”), in lawful money of the United States of America, the sum of One Thousand Five Hundred Dollars (\$1,500.00) in the manner provided below.

This Promissory Note (the “**Note**”) has been executed and delivered in connection with the Big Cup Order Form dated _____, 20__, by and between the Maker and Firefly Graphics, Inc. for the purchase of a 20’ Rita’s Giant Inflatable Cup (the “**Big Cup**”) for use at Rita’s Shop No. _____ (the “**Rita’s Shop**”).

1. PAYMENTS.

1.1 Principal. Commencing on the 1st day of the month following the date of shipment of the Big Cup and ending on the 24th month thereafter, Maker shall make consecutive monthly payments of _____ Dollars and _____ Cents (\$ _____).

1.2 Late Charge for Overdue Payments. If the Payee has not received any payment within five (5) days after which such payment is due, Borrower will pay the Payee a late charge equal to five percent (5%) of the amount of the payment past due.

1.3 Manner of Payment. All payments shall be made by electronic fund transfer, in the same manner and from the same bank account upon which Maker pays its royalty payments to Payee, pursuant to the franchise agreement for the Rita’s Shop. Maker shall deposit into the account, and maintain sufficient funds to cover any payments due hereunder. Maker agrees to execute any and all documents as may be necessary to effectuate and maintain the electronic funds transfer arrangement, as required hereunder. In the event, Maker changes banks or accounts for the bank account required under this Section 1.3, Maker shall, prior to such change, provide such information concerning the account and authorization to make withdrawals there from.

2. ACKNOWLEDGEMENTS/ REPRESENTATIONS.

2.1 Law and Rule Compliance. Maker acknowledges and represents that Maker shall comply with all statutes, laws, rules, orders, regulations and ordinances affecting Maker’s use of the Big Cup (including any restrictions in Maker’s lease agreement for the Rita’s Shop premises). In no event shall Maker’s use of the Big Cup be used in any manner that are prohibited by zoning or similar laws or regulations, or covenants, conditions or restrictions of record. Maker acknowledges and agrees that Maker is solely responsible for determining if its use of the Big Cup complies with the applicable zoning regulations and any applicable lease restrictions, and that Payee makes no representation (explicit or implied) concerning such zoning regulations or lease restrictions. Maker further acknowledges and agrees that any zoning or lease restrictions shall not relieve Maker of fulfilling its obligations hereunder.

2.2 Condition of Big Cup. Maker acknowledges that it accepts the Big Cup in “As Is” condition, with no representation or warranty by Payee as to the condition or suitability of the Big Cup for

the Rita's Shop and that Payee has no obligation to improve, repair or replace the Big Cup under any circumstances whatsoever.

3. INDEMNIFICATION.

3.1 Indemnification. Maker acknowledges and agrees that the Payee shall in no event assume liability for, or be deemed liable hereunder as a result of Maker's use of the Big Cup. Maker shall indemnify and hold the Payee, its affiliates and their respective officers, directors and employees harmless against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with Maker's use of the Big Cup, as well as the costs, including attorneys' fees, of defending against them.

4. ACCELERATION OF PAYMENTS.

4.1 Acceleration. Notwithstanding anything to the contrary hereto, upon the occurrence of any one or more of the following events, Payee may, at its option, by written notice to Maker, declare the entire unpaid balance of this Note, together with all accrued penalty fees thereon and other sums due under this Note, immediately due and payable regardless of any prior forbearance:

(a) Upon the transfer or expiration (and non-renewal) of the Franchise Agreement between Maker and Payee for the Rita's Shop; or

(b) Upon the Maker's application for the Payee's approval to relocate the Rita's Shop.

5. DEFAULTS.

5.1 Events of Default. The occurrence of any one or more of the following events with respect to Maker shall constitute an event of default hereunder ("**Event of Default**"):

(a) If Maker shall fail to pay by the date due any payment on this Note.

(b) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (a "**Bankruptcy Law**"), Maker shall (i) commence a voluntary case or proceeding; (ii) consent to the entry of an order for relief against it in an involuntary case; (iii) consent to the appointment of a trustee, receiver, assignee, liquidator or similar official; (iv) make an assignment for the benefit of its creditors; or (v) admit in writing its inability to pay its debts as they become due.

(c) If a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Maker in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Maker.

(d) If Maker shall fail to comply with or to perform any of the terms, conditions or obligations of any Franchise Agreement (including, without limitation, Maker's failure to maintain any required insurance thereunder), between Maker and Payee.

(e) Upon the termination of any Franchise Agreement between Maker and Payee.

(f) If Maker shall fail to provide to Payee such information concerning the bank account required by Section 1.3 above, or any new account, or Maker's withdrawal of consent to withdrawals, for whatever reason.

5.2 Notice by Maker. Maker shall notify Payee in writing within five (5) days after the occurrence of any Event of Default of which Maker acquires knowledge.

5.3 Remedies. Upon the occurrence of an Event of Default hereunder, Payee may, at its option, (i) by written notice to Maker, declare the entire unpaid balance of this Note, together with all accrued penalty fees thereon and other sums due under this Note, immediately due and payable regardless of any prior forbearance, and (ii) exercise any and all rights and remedies available to it under applicable law, including, without limitation, the right to collect from Maker all sums due under this Note. Maker shall pay all reasonable costs and expenses incurred by or on behalf of Payee in connection with Payee's exercise of any or all of its rights and remedies under this Note, including, without limitation, reasonable attorneys' fees.

6. MISCELLANEOUS.

6.1 Waiver. The rights and remedies of Payee under this Note shall be cumulative and not alternative. No waiver by Payee of any right or remedy under this Note shall be effective unless in a writing signed by Payee. Neither the failure nor any delay in exercising any right, power or privilege under this Note will operate as a waiver of such right, power or privilege and no single or partial exercise of any such right, power or privilege by Payee will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law, (a) no claim or right of Payee arising out of this Note can be discharged by Payee, in whole or in part, by a waiver or renunciation of the claim or right unless in a writing, signed by Payee; (b) no waiver that may be given by Payee will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on Maker will be deemed to be a waiver of any obligation of Maker or of the right of Payee to take further action without notice or demand as provided in this Note. Maker hereby waives presentment, demand, protest and notice of dishonor and protest.

6.2 Severability. If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

6.3 Governing Law. This Note will be governed by the laws of the Commonwealth of Pennsylvania without regard to conflicts of laws principles.

6.4 Consent of Jurisdiction. The Maker consents to jurisdiction of all federal and state courts in Pennsylvania and agrees that venue shall lie exclusively in Philadelphia, Pennsylvania.

6.5 Parties in Interest. This Note shall bind Maker and its successors and assigns. This Note shall not be assigned or transferred by Payee without the express prior written consent of Maker, except by will or, in default thereof, by operation of law.

6.6 Section Headings, Construction. The headings of Sections in this Note are provided for convenience only and will not affect its construction or interpretation. All references to "Section" or "Sections" refer to the corresponding Section or Sections of this Note unless otherwise specified. All words used in this Note will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the words "hereof" and "hereunder" and similar references refer to

this Note in its entirety and not to any specific section or subsection hereof.

7. CONFESSIOIN OF JUDGMENT

Upon an Event of Default, the Maker hereby irrevocably authorizes and empowers the prothonotary or clerk or any attorney of any court of record to appear and confess judgment therein against the Maker for the amount which may appear to be due hereon (or, if such an attorney so elects, for the amount which may be due hereon as evidenced by an affidavit signed by an officer of the Payee setting forth the amount then due) including accrued interest, plus reasonable attorney's fees, with costs of suit, release of errors, and without right of appeal. If a copy hereof, verified by an affidavit, shall have been filed in said proceedings, it shall not be necessary to file the original as a warrant of attorney. The Maker waives the right to any stay of execution and the benefit of all exemption laws now or hereinafter in effect. No single exercise of the foregoing warrant and power to confess judgment shall be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable or void, but the power shall continue undiminished and may be exercised from time to time as often as the holder hereof shall elect, until all sums payable or that may become payable hereunder by the Maker have been paid in full.

The Maker acknowledges that, by agreeing that the Payee may confess judgment hereunder, it waives the right to notice in a prior judicial proceeding to determine its rights and liabilities, and the Maker further acknowledges that the Payee may obtain a judgment against the Maker and execute upon and seize the property of the Maker without the Maker's prior knowledge and consent and without the opportunity to raise any defense, set-off, counterclaim or other claim that the Maker may have, and the Maker expressly waives such right as an explicit and material part of the consideration for this transaction.

IN WITNESS WHEREOF, Maker has executed and delivered this Promissory Note as of the date first stated above.

WITNESS/ATTEST:

MAKER:

**EXHIBIT J TO
FRANCHISE DISCLOSURE DOCUMENT**

**LOAN AGREEMENT
WITH PROMISSORY NOTE AND SECURITY AGREEMENT**

LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement") is entered into this ____ day of _____, 20____, between RITA'S WATER ICE FRANCHISE COMPANY, LLC, a Delaware limited liability company with its principal address of 1210 Northbrook Drive, Suite 310, Trevose, Pennsylvania 19053 ("Lender") and _____, an individual with an address of _____ ("Borrower").

SECTION 1 AMOUNTS AND TERMS OF LOAN

1.1 Terms of Loan. Subject to the terms and conditions of this Agreement, and to the Borrower's observance and performance of, and compliance with, all terms, conditions, warranties, representations and covenants of this Agreement (the "Obligations"), and the timely payment of the Obligations of the Borrower to the Lender:

(a) Loan. The Lender shall lend to the Borrower amounts, which shall not exceed in the aggregate _____ Dollars (\$_____) (the "Loan").

(b) Interest. The outstanding principal amount of the Loan shall bear interest at a rate set forth in the Promissory Note attached hereto as Exhibit "A" (the "Note").

(c) Method of Payment. The Borrower shall pay the principal amount and all interest thereon of the Loan, to the Lender in accordance with the Note.

SECTION 2 SECURITY INTEREST

2.1 In consideration of the Lender's granting to the Borrower the Loan, in accordance with the terms and conditions of this Agreement, the Borrower, to secure payment and performance of all of the Obligations of the Borrower to the Lender, hereby grants to the Lender a security interest pursuant to the terms and conditions of the Security Agreement attached hereto as Exhibit "B" (the "Security Agreement")

SECTION 3 CONDITIONS PRECEDENT

3.1 The Lender's agreement to lend amounts to the Borrower pursuant to the Loan is conditioned upon prior delivery by the Borrower to the Lender of the following:

- (a) This Agreement properly executed;
- (b) The Note properly executed and dated the date of this Agreement;
- (c) The Security Agreement properly executed and dated the date of this Agreement;
- (d) The Landlord's Consent to the Assignment of Tenant Allowance properly executed; and

- (e) The Assignment of Tenant Allowance properly executed.

SECTION 4 REPRESENTATIONS AND WARRANTIES BY BORROWER

As a material inducement to the Lender to grant the Loan to the Borrower, and to enter into this Agreement, the Borrower represents and warrants to the Lender that:

4.1 Power of Authority. The Borrower has the power to execute, deliver, and perform this Agreement and to borrow hereunder and has taken all necessary action to authorize (i) the borrowing hereunder on the terms and conditions of this Agreement, and (ii) the execution, delivery and performance of this Agreement.

4.2 Event of Default. The Borrower has reviewed this Agreement and represents that no Event of Default (as defined in Section 6 below) exists and the Borrower is not in default under any other documents, instruments, writings or agreements to which it is a party.

4.3 Enforceability of Agreement. This Agreement has been duly executed and delivered and constitutes the valid and legally binding obligation of the Borrower, enforceable in accordance with its terms, subject to applicable Federal and State Bankruptcy and insolvency laws affecting generally the rights of creditors.

SECTION 5 COVENANTS BY BORROWER

As a material inducement to the Lender to grant the Loan to the Borrower, and to enter into this Agreement, the Borrower covenants and agrees with the Lender that:

5.1 Litigation. The Borrower shall promptly notify the Lender of any litigation, actions, proceedings, claims or investigations pending or threatened against the Borrower.

5.2 Use of Loan Proceeds. The Borrower shall use the proceeds of the Loan solely for the operation of its Rita's Shop being operated pursuant to the franchise agreement between Lender and Borrower, dated _____.

5.3 Notification of Event of Default. The Borrower shall immediately notify the Lender of the occurrence of an Event of Default and of the nature and period of existence thereof.

5.4 Compliance With Agreement. The Borrower shall observe, perform and comply with, and shall continue, until all Obligations of the Borrower to the Lender pursuant to this Agreement are fully paid and satisfied, to observe, perform and comply with, all of the Borrower's covenants made in this Agreement.

SECTION 6 EVENTS OF DEFAULT

There shall be an Event of Default by the Borrower under this Agreement upon the occurrence of any one of the following (each an "Event of Default"):

- 6.1 The Borrower's failure to pay, when due, on demand or at maturity (whether as stated or

by acceleration), as the case may be, any payment of principal, interest or other charges due and owing to the Lender pursuant to any Obligations of the Borrower to the Lender, including, without limitation, those Obligations arising pursuant to this Agreement.

6.2 A breach by the Borrower of any covenant contained in this Agreement.

6.3 If any warranty or representation contained in this Agreement, including, without limitation, the warranties and representations contained in Section 4, shall be incorrect in any material respect.

6.4 Upon dissolution, termination of existence, insolvency, business failure, appointment of a trustee, receiver or custodian of all or any part of the properties or assets of the Borrower; upon an assignment for the benefit of creditors by, the calling of a meeting of creditors of, or the commencement of any proceeding under any bankruptcy or insolvency laws of any state or of the United States by the Borrower, or the commencement of any proceeding under any bankruptcy or insolvency laws of any state or of the United States against the Borrower.

6.5 The failure of Borrower to comply with or to perform any of the terms, conditions or obligations of any franchise agreement between the Borrower and Lender.

SECTION 7 LENDER'S RIGHTS AND REMEDIES

7.1 Upon the occurrence of an Event of Default the Lender shall have the following rights and remedies to be exercised within the sole discretion of the Lender without further demand, presentation or notice, of any kind:

(a) The Lender shall have all of those rights and remedies provided in this Agreement, in the Uniform Commercial Code and other applicable law in force and effect in Pennsylvania from time to time; and

(b) The Lender's agreement to make any further loan advances pursuant to this Agreement, or otherwise, shall cease, and all of the Obligations of the Borrower to the Lender shall immediately become due and payable;

SECTION 8 MISCELLANEOUS PROVISIONS

8.1 Waiver of Notices. Notice of default and presentment, demand, protest and notice of dishonor as to any provision of this Agreement or any other agreement or instrument is hereby waived by the Borrower, except as may be otherwise specifically provided in this Agreement.

8.2 Reference to Parties. "Lender" and "Borrower" as used in this Agreement shall include the successors, representatives, and assigns of those parties, provided, however, that the Borrower shall not assign or delegate any of its rights, remedies, warranties, representations or covenants arising under this Agreement without the prior written consent of the Lender, and any purported assignment or delegation without such consent shall be void.

8.3 Governing Law; Consent to Jurisdiction.

(a) This Agreement is to be executed and delivered within the Commonwealth of Pennsylvania, is to be principally performed within the Commonwealth of Pennsylvania, and the Borrower and the Lender elect that the laws of the Commonwealth of Pennsylvania shall govern the construction of this Agreement and the rights, remedies, warranties, representations, covenants, and provisions hereof without giving effect to the conflict of laws rules of the Commonwealth of Pennsylvania.

(b) Any legal action or proceeding with respect to this Agreement or any other document, instrument, writing or agreement related hereto, may be brought in the state and federal courts of Pennsylvania and, by execution and delivery of this Agreement, the Borrower hereby irrevocably accepts for itself in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. The Borrower further irrevocably consents to the service of process out of any of the aforementioned courts and in any action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Borrower at its address for notices contained in the introductory paragraph of this Agreement, such service to become effective thirty (30) days after such mailing.

(c) The Borrower hereby waives any rights it may have to transfer or change the venue of any litigation brought against it by the Lender which is in any way related to this Agreement or any other document, instrument, writing or agreement related hereto.

8.4 Severability. If any of the provisions of this Agreement shall contravene or be held invalid under the laws of any jurisdiction, this Agreement shall be construed as if not containing such provisions and the rights, remedies, warranties, representations, covenants, and provisions hereof shall be construed and enforced accordingly in such jurisdiction and shall not in any manner affect such provision in any other jurisdiction, or any other provisions of this Agreement in any jurisdiction.

8.5 Rights and Remedies, Etc. The Events of Default, rights, remedies, warranties, representations, covenants, and provisions set forth in this Agreement, or as may be provided by applicable law, shall be cumulative and not alternative or exclusive, and the Lender's Rights and Remedies may be exercised by the Lender at such time or times, in such order of preference, as the Lender in its sole discretion may determine.

8.6 Entire Agreement, No Waiver, Etc. This Agreement embodies the entire agreement and understanding between the Borrower and the Lender and supersedes all prior agreements and understandings relating to the subject matter hereof. All warranties, representations and covenants imposed or made herein shall survive the execution and delivery of this Agreement. No delay or omission of the Lender in exercising or enforcing any of the Lender's rights and remedies hereunder shall constitute a waiver thereof; and no waiver by the Lender of any Event of Default should operate as a waiver of any other Event of Default. No term or provision hereof shall be waived, altered or modified except with the prior written consent of the Lender, which consent makes explicit reference to this Agreement. Except as provided in the preceding sentence, no other agreement or transaction, of whatsoever nature, entered into between the Lender and the Borrower at any time (whether before, during or after the effective date or terms of this Agreement), shall be construed in any particular as a waiver, modification or limitation of any of the Lender's rights and remedies under this Agreement nor shall anything in this Agreement be construed as a waiver, modification or limitation of any of the Lender's rights and remedies under this Agreement.

8.7 Notices. All notices, requests, and other communications pursuant to this Agreement shall be in writing, delivered by hand, certified mail return receipt requested, overnight delivery service, or telecopier addressed to the parties at their principal place of business as described in the introductory paragraph of this Agreement. Any notice, request or communication hereunder addressed as aforesaid

shall be deemed to have been given (i) in the case of delivery by mail, three (3) days after its deposit in the mails, postage prepaid, or (ii) in the case of delivery by overnight delivery service, when deposited with a reputable overnight delivery service, postage prepaid or (iii) in the case of delivery by hand, when delivered or (iv) in the case of delivery by telecopier, when transmitted and receipt confirmed by the sender obtaining a printed confirmation that the entire document has been properly transmitted to recipient; provided, however, that notice of a change of address, as hereinabove provided, shall be deemed to have been given only when actually received by the party to which it is addressed.

8.8 Counterparts. This Agreement may be executed in counterparts, each of which, when taken together, shall be deemed to be one and the same instrument.

8.9 Headings. Section headings herein are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

8.10 ACKNOWLEDGEMENT. Each Borrower represents and acknowledges that when they entered into the franchise agreement with Lender, dated _____ (the "Franchise Agreement"), there was no expectation, nor any offer or discussion of any financing by Lender. The first discussion of any financing with respect to the Rita's Shop licensed under the Franchise Agreement was initiated by the Borrower and occurred well after the Franchise Agreement had been executed by all parties.

8.11 WAIVER OF JURY TRIAL.

(a) THE LENDER AND THE BORROWER HEREBY ACKNOWLEDGE THAT DISPUTES ARISING UNDER THIS AGREEMENT OR OTHERWISE RELATING TO THE OBLIGATIONS OF THE BORROWER TO THE LENDER ARE LIKELY TO BE COMPLEX AND THEY DESIRE TO STREAMLINE AND MINIMIZE THE COST OF RESOLVING SUCH DISPUTES. THEREFORE, THE LENDER AND THE BORROWER IRREVOCABLY WAIVE, AND COVENANT THAT THEY WILL NOT ASSERT (AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, COUNTERCLAIM, DISPUTE OR PROCEEDING BASED UPON, OR RELATED TO THE SUBJECT MATTER OF THIS AGREEMENT OR OTHERWISE RELATING TO THE OBLIGATIONS OF THE BORROWER TO THE LENDER. WITHOUT LIMITING THE FOREGOING, THIS WAIVER AND COVENANT APPLIES:

(i) TO ALL CLAIMS AGAINST ALL PARTIES TO SUCH DISPUTES, ACTIONS AND PROCEEDINGS INCLUDING THOSE INVOLVING THE LENDER, THE BORROWER OR ANY OF THEIR RESPECTIVE PARENTS, SUBSIDIARIES, AFFILIATES OR RELATED ENTITIES, OR ANY OFFICER, DIRECTOR, SHAREHOLDER, MEMBER, ATTORNEY OR PARTNER OF ANY OF THEM;

(ii) IRRESPECTIVE OF WHETHER SUCH DISPUTE, ACTION OR PROCEEDING ARISES UNDER THIS AGREEMENT OR ANY OTHER AGREEMENT, NOTE, PAPER, INSTRUMENT OR DOCUMENT HERETOFORE OR HEREAFTER EXECUTED RELATING TO ANY OF THE OBLIGATIONS OF THE BORROWER TO THE LENDER;

(iii) IRRESPECTIVE OF WHETHER SUCH DISPUTE, ACTION OR PROCEEDING ARISES IN CONNECTION WITH OR IS BASED UPON INTENTIONAL OR UNINTENTIONAL CONDUCT, FRAUD, IMPROPER ACTION OR FAILURE TO ACT, OR ANY OTHER CIRCUMSTANCES.

(b) THIS WAIVER IS KNOWINGLY, AND VOLUNTARILY MADE BY THE BORROWER AND THE LENDER, AND THE BORROWER AND THE LENDER ACKNOWLEDGE THAT NEITHER OF THEM, NOR ANY PERSON ACTING ON BEHALF OF EITHER OF THEM, HAS MADE ANY REPRESENTATIONS TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. THE BORROWER AND THE LENDER FURTHER ACKNOWLEDGE THAT THEY HAVE BEEN REPRESENTED (OR HAVE HAD THE OPPORTUNITY TO BE REPRESENTED) IN CONNECTION WITH THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF THEIR OWN FREE WILL, AND THAT THEY HAVE HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL. THE BORROWER AND THE LENDER FURTHER ACKNOWLEDGE THAT THEY HAVE READ, AND UNDERSTAND THE MEANING AND RAMIFICATIONS OF, THIS WAIVER.

(c) THE BORROWER AND THE LENDER ACKNOWLEDGE THAT THEY HAVE BEEN INFORMED BY EACH OTHER THAT THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH EACH HAS RELIED IN ENTERING INTO THIS AGREEMENT, AND THAT THIS WAIVER PARAGRAPH SHALL BE DEEMED ENFORCEABLE INDEPENDENTLY OF ALL OTHER PROVISIONS OF THIS AGREEMENT. EITHER PARTY MAY FILE AN ORIGINAL COUNTERPART OF THIS SECTION AS WRITTEN EVIDENCE OF THE CONSENT BY EITHER OF THEM TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. THE PROVISIONS OF THIS SUBSECTION SHALL SURVIVE THE REPAYMENT OF THE OBLIGATIONS OF THE BORROWER TO THE LENDER AND THE TERMINATION OF THIS AGREEMENT.

[THIS SPACE INTENTIONALLY LEFT BLANK – SIGNATURES TO FOLLOW]

IN WITNESS WHEREOF, the undersigned have caused this Loan Agreement to be executed the day and year aforesaid.

WITNESS:

RITA'S WATER ICE FRANCHISE
COMPANY, LLC, a Delaware limited
liability company

_____ By: _____
Jonathan Fornaci, President and
Chief Executive Officer

WITNESS:

EXHIBIT A
PROMISSORY NOTE

PROMISSORY NOTE

\$ Total Amount _____, 20____

FOR VALUE RECEIVED, Name(s) _____, individuals with an address of Address _____ (“**Maker**”), promises to pay to RITA’S WATER ICE FRANCHISE COMPANY, LLC, a Delaware limited liability company having an address of 1210 Northbrook Drive, Suite 310, Trevose, Pennsylvania 19053 (the “**Payee**”), in lawful money of the United States of America, a loan in the principal amount of Amount _____ Dollars (\$ Amount in numbers _____) together with interest in arrears on the unpaid principal balance at an annual rate equal to Int. Rate _____, in the manner provided below. Interest shall be calculated on the basis of a year of 365 or 366 days, as applicable, and charged for the actual number of days elapsed.

This Promissory Note (the “**Note**”) has been executed and delivered pursuant to and in accordance with the terms and conditions of the Loan Agreement dated the date hereof, by and between the Parties hereto (the “**Loan Agreement**”) attached hereto as Exhibit A.

1. PAYMENTS.

1.1 Principal and Interest. Commencing on date loan starts _____, and ending on the # of payments _____ week thereafter, Maker shall make consecutive weekly payments principal and accrued interest on the outstanding principal balance of this Note via an ACH debit to Payee. On or before the # of last payment _____ week, Maker shall make a final payment of the outstanding principal balance, together with any and all unpaid interest thereon and any other sums due under this Note.

1.2 Prepayment. Maker may, without premium or penalty, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Note, provided that each such prepayment is accompanied by accrued interest on the amount of principal prepaid calculated to the date of such prepayment and paid via an ACH debit to Payee.

1.3 Late Charge for Overdue Payments. If the Payee has not received any payment within five (5) days after which such payment is due, Borrower will pay the Payee a late charge of five (5%) percent.

2. DEFAULTS.

2.1 Events of Default. The occurrence of any one or more of the following events with respect to Maker shall constitute an event of default hereunder (“**Event of Default**”):

(b) If Maker shall fail to pay by the date due any payment of principal or interest on this Note.

(c) If Maker shall fail to pay by ACH debit to Payee any payment of principal or interest on this Note.

(d) Any default or Event of Default under the Loan Agreement or the Note.

(e) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (a “**Bankruptcy Law**”), Maker shall (i) commence a voluntary case or proceeding; (ii) consent to the entry of an order for relief against it in an

involuntary case; (iii) consent to the appointment of a trustee, receiver, assignee, liquidator or similar official; (iv) make an assignment for the benefit of its creditors; or (v) admit in writing its inability to pay its debts as they become due.

(d) If a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Maker in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Maker.

(e) If Maker shall fail to comply with or to perform any of the terms, conditions or obligations of any Franchise Agreement between the Parties.

2.2 Notice by Maker. Maker shall notify Payee in writing within five (5) days after the occurrence of any Event of Default of which Maker acquires knowledge.

2.3 Remedies. Upon the occurrence of an Event of Default hereunder, Payee may, at its option, (i) by written notice to Maker, declare the entire unpaid principal balance of this Note, together with all accrued interest thereon and other sums due under this Note, immediately due and payable regardless of any prior forbearance, and (ii) exercise any and all rights and remedies available to it under applicable law, including, without limitation, the right to collect from Maker all sums due under this Note. Maker shall pay all reasonable costs and expenses incurred by or on behalf of Payee in connection with Payee's exercise of any or all of its rights and remedies under this Note, including, without limitation, reasonable attorneys' fees.

3. MISCELLANEOUS.

3.1 Waiver. The rights and remedies of Payee under this Note shall be cumulative and not alternative. No waiver by Payee of any right or remedy under this Note shall be effective unless in a writing signed by Payee. Neither the failure nor any delay in exercising any right, power or privilege under this Note will operate as a waiver of such right, power or privilege and no single or partial exercise of any such right, power or privilege by Payee will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law, (a) no claim or right of Payee arising out of this Note can be discharged by Payee, in whole or in part, by a waiver or renunciation of the claim or right unless in a writing, signed by Payee; (b) no waiver that may be given by Payee will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on Maker will be deemed to be a waiver of any obligation of Maker or of the right of Payee to take further action without notice or demand as provided in this Note. Maker hereby waives presentment, demand, protest and notice of dishonor and protest.

3.2 Notices. Any notice required or permitted to be given hereunder shall be given in accordance with the Loan Agreement.

3.3 Severability. If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

3.4 Governing Law. This Note will be governed by the laws of the Commonwealth of Pennsylvania without regard to conflicts of laws principles.

3.5 Consent of Jurisdiction. The Maker consents to jurisdiction of all federal and state courts in Pennsylvania and agrees that venue shall lie exclusively in Philadelphia, Pennsylvania.

3.6 Parties in Interest. This Note shall bind Maker and its successors and assigns. This Note shall not be assigned or transferred by Payee without the express prior written consent of Maker, except by will or, in default thereof, by operation of law.

3.7 Section Headings, Construction. The headings of Sections in this Note are provided for convenience only and will not affect its construction or interpretation. All references to “Section” or “Sections” refer to the corresponding Section or Sections of this Note unless otherwise specified. All words used in this Note will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the words “hereof” and “hereunder” and similar references refer to this Note in its entirety and not to any specific section or subsection hereof.

4. CONFESSIOIN OF JUDGMENT

Upon an Event of Default, the Maker hereby irrevocably authorizes and empowers the prothonotary or clerk or any attorney of any court of record to appear and confess judgment therein against the Maker for the amount which may appear to be due hereon (or, if such an attorney so elects, for the amount which may be due hereon as evidenced by an affidavit signed by an officer of the Payee setting forth the amount then due) including accrued interest, plus reasonable attorney’s fees, with costs of suit, release of errors, and without right of appeal. If a copy hereof, verified by an affidavit, shall have been filed in said proceedings, it shall not be necessary to file the original as a warrant of attorney. The Maker waives the right to any stay of execution and the benefit of all exemption laws now or hereinafter in effect. No single exercise of the foregoing warrant and power to confess judgment shall be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable or void, but the power shall continue undiminished and may be exercised from time to time as often as the holder hereof shall elect, until all sums payable or that may become payable hereunder by the Maker have been paid in full.

The Maker acknowledges that, by agreeing that the Payee may confess judgment hereunder, it waives the right to notice in a prior judicial proceeding to determine its rights and liabilities, and the Maker further acknowledges that the Payee may obtain a judgment against the Maker and execute upon and seize the property of the Maker without the Maker’s prior knowledge and consent and without the opportunity to raise any defense, set-off, counterclaim or other claim that the Maker may have, and the Maker expressly waives such right as an explicit and material part of the consideration for this transaction.

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IN WITNESS WHEREOF, Maker and Payee have executed and delivered this Promissory Note as of the date first stated above.

WITNESS:

MAKER:

By: _____

By: _____

EXHIBIT B
SECURITY AGREEMENT

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the “**Security Agreement**”) is made this ___ day of _____, 20__ by _____, individuals with an address of _____ (collectively, the “**Debtor**”), in favor of RITA’S WATER ICE FRANCHISE COMPANY, a Delaware limited liability company having an address of 1210 Northbrook Drive, Suite 310, Trevose, Pennsylvania 19053 (the “**Secured Party**”).

W I T N E S S E T H:

WHEREAS, the Secured Party has made a loan to the Debtor in the original principal amount up to _____ (the “**Loan**”). The Loan is evidenced by a certain Promissory Note made by the Debtor in favor of the Secured Party of even date herewith in the original principal amount up to _____ DOLLARS (\$ _____) (the “**Note**”) and Loan Agreement between Debtor and the Secured Party of even date herewith (the “**Loan Agreement**”) (the Note, the Loan Agreement, the Security Agreement and any and all documents, instruments, certificates and agreements related thereto are hereinafter collectively referred to as the “**Loan Documents**”); and

WHEREAS, to induce the Secured Party to make the Loan, the Debtor has agreed to pledge and to grant to Secured Party a security interest in and first lien upon all of the assets of Debtor, described more particularly herein; and

NOW, THEREFORE, in consideration of the above and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Debtor hereby agrees as follows:

1. **Grant of Security Interest.** Debtor hereby pledges and grants to Secured Party a security interest in the property described in paragraph 2 hereof (collectively and severally, the “**Collateral**”) to secure payment and performance of the obligations described in paragraph 3 hereof (collectively and severally, the “**Obligations**”).
2. **Collateral.** The Collateral shall consist of all inventory, equipment, fixtures accounts receivables, chattel paper, instruments (including but not limited to all promissory notes), letter-of-credit rights, letters of credit documents, deposit accounts, investment property, money, other rights to payment and performance, and general intangibles (including but not limited to all software and all payment intangibles); all insurance refunds relating to the foregoing property; and all good will relating to the Rita’s Shop being operated by Debtor pursuant to a franchise agreement between the parties dated May 29, 2008 .
3. **Obligations.** The Obligations secured by this Security Agreement shall consist of any and all debts, obligations, and liabilities of Debtor to Secured Party arising out of or related to the Loan Documents (whether principal, interest, fees, or otherwise, whether now existing or hereafter arising, whether voluntary or involuntary, whether or not jointly owed with others, whether direct or indirect, absolute or contingent, contractual or tortious, liquidated or unliquidated, arising by operation of law, or otherwise, whether or not from time to time decreased or extinguished and later increased, created or incurred, and whether or not extended, modified, rearranged, restructured, refinanced, or replaced, including without limitation, modifications to interest rates or other payment terms of such debts, obligations, or liabilities).
4. **Representations and Warranties.** In addition to any representations and warranties of Debtor set forth in the Loan Documents, which are incorporated herein by this reference, Debtor hereby represents and warrants that:

a. **Authority**. It has authority, and has completed all proceedings and obtained all approvals and consents necessary, to execute, deliver, and perform this Security Agreement and the transactions contemplated hereby.

b. **No Default or Lien**. Such execution, delivery, and performance will not contravene, or constitute a default under or result in a lien upon any property of Debtor pursuant to any applicable law or regulation or any contract, agreement, judgment, order, decree, or other instrument binding upon or affecting Debtor.

c. **Enforceability**. This Security Agreement constitutes a legal, valid, and binding obligation of Debtor, enforceable in accordance with its terms (except as enforceability may be affected by bankruptcy, insolvency, or other similar laws affecting the enforcement of creditor's rights), and this Security Agreement grants to Secured Party a valid, first-priority perfected and enforceable lien on the Collateral.

d. **No Litigation**. There is no action, suit or proceeding pending or, to the best knowledge of Debtor after reasonable investigation, threatened against Debtor that might adversely affect its property or financial condition in any material respect.

e. **Ownership of Collateral**. Debtor is the sole owner of and has good and marketable title to the Collateral (or, in the case of after-acquired Collateral, at the time the Debtor acquires rights in the Collateral, will be the sole owner thereof).

f. **Priority**. Except for security interests in favor of Secured Party, no person has (or, in the case of after-acquired Collateral, at the time Debtor acquires rights therein, will have) any right, title, claim, or interest (by way of security interest or other lien or charge) in, against or to the Collateral.

g. **Accuracy of Information**. All information heretofore, herein or hereafter supplied to Secured Party by or on behalf of Debtor with respect to the Collateral is true and correct.

5. **Covenants and Agreements of Debtor**. In addition to all covenants and agreements of Debtor set forth in the Loan Documents, which are incorporated herein by this reference, Debtor hereby agrees:

a. **Preservation of Collateral**. To do all acts that may be necessary to maintain, preserve, and protect the Collateral.

b. **Use of Collateral**. Not to use or permit any Collateral to be used unlawfully or in violation of any provision of this Security Agreement, any other agreement with Secured Party related hereto or any applicable statute, regulation, or ordinance or any policy of insurance covering the Collateral.

c. **Payment of Taxes, Etc.** To pay promptly when due all taxes, assessments, charges, encumbrances and liens now or hereafter imposed upon or affecting any Collateral.

d. **Defense of Litigation**. To appear in and defend any action or proceeding that may affect its title to or Secured Party's interest in the Collateral.

e. **Possession of Collateral.** Not to surrender or lose possession of (other than to Secured Party), sell, encumber, lease, rent, or otherwise dispose of or transfer any Collateral or right or interest therein except as hereinafter provided, and to keep the Collateral free of all levies and security interests or other liens or charges except those approved in writing by Secured Party; provided that, unless an Event of Default shall occur, Debtor may, in the ordinary course of business, sell or lease any Collateral consisting of inventory.

f. **Compliance with Law.** To comply with all laws, regulations, and ordinances relating to the possession, operation, maintenance, and control of the Collateral.

g. **Maintenance of Records.** To keep separate, accurate, and complete records of the Collateral and to provide Secured Party with such records and such other reports and information relating to the Collateral as Secured Party may request from time to time.

h. **Further Assurances.** To procure, execute, and deliver from time to time any endorsements, notifications, registrations, assignments, financing statements, certificates of title, and other writings deemed necessary or appropriate by Secured Party to perfect, maintain, and protect its security interest in the Collateral hereunder and the priority thereof; and to take such other actions as Secured Party may request to protect the value of the Collateral and of Secured Party's security interest in the Collateral, including, without limitation, provision of assurances from third parties regarding Secured Party's access to, right to foreclose on or sell, Collateral and right to realize the practical benefits of such foreclosure or sale.

i. **Payment of Secured Party's Costs and Expenses.** To reimburse Secured Party upon demand for any costs and expenses, including, without limitation, attorney fees and disbursements that the Secured Party may incur while exercising any right, power, or remedy provided by this Security Agreement or by law, all of which costs and expenses are included in the Obligations.

j. **Notice of Changes.** To give Secured Party thirty (30) days prior written notice of any change in Debtor's residence or chief place of business or legal name or trade name(s) or style(s) set forth in the first paragraph of this Security Agreement.

k. **Insurance.** To insure the Collateral, with Secured Party named as loss payee, in form and amounts, with companies, and against risks and liabilities satisfactory to Secured Party, and Debtor hereby assigns the policies to Secured Party, agrees to deliver them to Secured Party at its request, and agrees that Secured Party may make any claim thereunder, cancel the insurance on default by Debtor, collect and receive payment and indorse any instrument in payment of loss or return premium or other refund or return, and apply such amounts received, at Secured Party's election, to replacement of Collateral or to the Obligations.

6. **Authorized Action by Secured Party.** Debtor hereby agrees that from time to time, without presentment, notice or demand, and without affecting or impairing in any way the rights of Secured Party with respect to the Collateral, the obligations of the Debtor hereunder or the Obligations, Secured Party may, but shall not be obligated to and shall incur no liability to Debtor or any third party for failure to take any action which Debtor is obligated by this Security Agreement to do and to exercise such rights and powers as Debtor might exercise with respect to the Collateral, and Debtor hereby irrevocably appoints Secured Party as its attorney-in-fact to exercise such rights and powers, including without limitation, to (a) collect by legal proceedings or otherwise and indorse, receive and receipt for all dividends, interest, payments, proceeds, and other sums and property now or hereafter payable on or on account of the Collateral; (b) enter into any extension, reorganization, deposit, merger, consolidation, or other agreement pertaining to, or deposit, surrender, accept, hold, or apply other property in exchange for the Collateral; (c) insure, process, and preserve the Collateral; (d) transfer the Collateral to its own or its

nominee's name; (e) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral; and (f) notify any Account Debtor on any Collateral to make payment directly to Secured Party.

7. **Default.** A default under this Security Agreement shall be deemed to exist upon the occurrence of any of the following (an "Event of Default"):

- a. **Default in Payment.** Any of the Obligations shall not be paid when due.
- b. **Default under Loan Documents.** Debtor shall fail to observe any other term or condition of the Loan Documents or there shall otherwise occur any event which would permit Secured Party to accelerate amounts outstanding thereunder.
- c. **Default under Franchise Agreement.** Debtor shall fail to comply with or to perform any of the terms, conditions or obligations of any Franchise Agreement with the Secured Party.
- d. **Debtor's Bankruptcy.** Either a court shall enter a decree or order for relief in respect of Debtor in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Debtor or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days or Debtor shall commence a voluntary case under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in any voluntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of Debtor or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any action in furtherance of the foregoing.
- e. **Judgment Against Debtor.** A final judgment for the payment of money in excess of \$10,000.00 shall be rendered against Debtor and Debtor shall not pay or discharge the same or cause it to be paid or discharged within sixty (60) calendar days from the entry thereof, or shall not appeal therefrom or from the order, decree or process upon or pursuant to which said judgment was granted, based or entered, and secure a stay of execution pending such appeal.
- f. **Misrepresentation by Debtor.** Any representation or warranty by Debtor hereunder, under any Loan Document or otherwise made by Debtor in connection with the Obligations shall be inaccurate or incomplete in any material respect.

8. **Remedies.** Upon the occurrence of any such Event of Default, Secured Party may, at its option, and without notice to or demand on Debtor and in addition to all rights and remedies available to Secured Party under the Loan Documents, at law, in equity, or otherwise, do any one or more of the following:

- a. **General Enforcement.** Foreclose or otherwise enforce Secured Party's security interest in any manner permitted by law, or provided for in this Security Agreement.
- b. **Sale, Etc.** Sell, lease, or otherwise dispose of any Collateral at one or more public or private sales at Secured Party's place of business or any other place or places, including, without limitation, any broker's board or securities exchange, whether or not such Collateral is present at the place

of sale, for cash or credit or future delivery, on such terms and in such manner as Secured Party may determine.

c. **Costs of Remedies.** Recover from Debtor all costs and expenses, including, without limitation, reasonable attorney fees, incurred or paid by Secured Party in exercising any right, power, or remedy provided by this Security Agreement or by law, all of which costs and expenses are included in the Obligations.

d. **Assembly of Collateral.** Require Debtor to assemble the Collateral and make it available to Secured Party to be designated by Secured Party.

e. **Take Possession of Collateral.** Enter onto property where any Collateral is located and take possession thereof with or without judicial process.

f. **Preparation of Collateral for Sale.** Prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent Secured Party deems appropriate and in connection with such preparation and disposition, without charge, use any trademark, tradename, copyright, patent, or technical process used by Debtor.

g. **Manner of Sale of Collateral.** Debtor shall be given five (5) business days prior notice of the time and place of any public sale or of the time after which any private sale or other intended disposition of Collateral is to be made, which notice Debtor hereby agrees shall be deemed reasonable notice thereof.

h. **Delivery to and Rights of Purchaser.** Upon any sale or other disposition pursuant to this Security Agreement, Secured Party shall have the right to deliver, assign, and transfer to the purchaser thereof the Collateral or portion thereof so sold or disposed of. Each purchaser at any such sale or other disposition (including Secured Party) shall hold the Collateral free from any claim or right of whatever kind, including any equity or right of redemption of Debtor and Debtor specifically waives (to the extent permitted by law) all rights of redemption, stay or appraisal which it has or may have under any rule of law or statute now existing or hereafter adopted.

9. **Cumulative Rights.** The rights, powers, and remedies of Secured Party under this Security Agreement shall be in addition to all rights, powers, and remedies given to Secured Party by virtue of any statute or rule of law, the Loan Documents or any other agreement, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Secured Party's security interest in the Collateral.

10. **Waiver.** Any waiver, forbearance or failure or delay by Secured Party in exercising any right, power, or remedy shall not preclude the further exercise thereof, and every right, power, or remedy of Secured Party shall continue in full force and effect until such right, power or remedy is specifically waived in a writing executed by Secured Party. Debtor waives any right to require Secured Party to proceed against any person or to exhaust any Collateral or to pursue any remedy in Secured Party's power.

11. **Setoff.** Debtor agrees that Secured Party may exercise its rights of setoff with respect to the Obligations in the same manner as if the Obligations were unsecured.

12. **Binding Upon Successors**. All rights of Secured Party under this Security Agreement shall inure to the benefit of its successors and assigns, and all obligations of Debtor shall bind its heirs, executors, administrators, successors, and assigns.

13. **Entire Agreement; Severability**. This Security Agreement contains the entire security agreement between Secured Party and Debtor. If any of the provisions of this Security Agreement shall be held invalid or unenforceable, this Security Agreement shall be construed as if not containing those provisions and the rights and obligations of the parties hereto shall be construed and enforced accordingly.

14. **References**. The singular includes the plural. If more than one executes this Security Agreement, the term Debtor shall be deemed to infer to each of the undersigned Debtors as well as to all of them, and their obligations and agreements hereunder shall be joint and several. If any of the undersigned is a married person, recourse may be had against his or her separate property for the Obligation.

15. **Choice of Law**. This Security Agreement shall be construed in accordance with and governed by the laws of Pennsylvania, without giving effect to choice of law rules, and, where applicable and except as otherwise defined herein, terms used herein shall have the meanings given them in the Uniform Commercial Code of such state.

16. **Consent to Jurisdiction**. The Debtor consents to jurisdiction of all federal and state courts in Philadelphia, Pennsylvania and agrees that venue shall lie exclusively in Philadelphia, Pennsylvania.

17. **Amendment**. This Security Agreement may not be amended or modified except by a writing signed by each of the parties hereto.

18. **Addresses for Notices**. All demands, notices, and other communications to Debtor or Secured Party provided for hereunder shall be in writing or by telephone, promptly confirmed in writing, mailed, delivered, or sent by facsimile, addressed or sent to it to the address or facsimile number, as the case may be, of Debtor or Secured Party set forth on the first paragraph of this Security Agreement, or to such other address as shall be designated by a party in a written notice to the other party. All such demands, notices, and other communications shall, when mailed or sent by facsimile, be effective when deposited in the mails, delivered or so sent, as the case may be, addressed as aforesaid.

IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be executed on the day and year first above written.

WITNESS:

DEBTOR:

**EXHIBIT K TO
FRANCHISE DISCLOSURE DOCUMENT**

FRANCHISE DISCLOSURE QUESTIONNAIRE

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, Rita’s Water Ice Franchise Company, LLC (“we,” “us” or “Franchisor”) and you are preparing to enter into a Franchise Agreement for the operation of a Franchised Business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

- 1. Have you received and personally reviewed our Franchise Agreement and each exhibit and schedule attached to them?

Yes____ No____ Your Initials: _____

- 2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to them?

Yes____ No____ Your Initials: _____

If “No,” what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary)

- 3. Have you received and personally reviewed the Franchise Disclosure Document we provided to you?

Yes____ No____ Your Initials: _____

- 4. Do you understand all of the information contained in the Franchise Disclosure Document?

Yes____ No____ Your Initials: _____

If “No”, what parts of the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary)

-
-
5. Have you discussed the benefits and risks of operating a Franchised Business with an attorney, accountant or other professional advisor?
- Yes____ No____ Your Initials: _____
6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?
- Yes____ No____ Your Initials: _____
7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business operated by us, our affiliate, or our franchisees?
- Yes____ No____ Your Initials: _____
8. Has any employee or other person speaking on our behalf made any statement or promise concerning the Franchised Business that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes____ No____ Your Initials: _____
9. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business?
- Yes____ No____ Your Initials: _____
10. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Franchised Business will generate?
- Yes____ No____ Your Initials: _____
11. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Franchised Business that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes____ No____ Your Initials: _____
12. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?
- Yes____ No____ Your Initials: _____

13. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____ Your Initials: _____

14. If you have answered “Yes” to any of questions 7 through 13, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered “No” to each of such questions, please leave the following lines blank.

15. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and the Franchisor?

Yes____ No____ Your Initials: _____

You understand that your answers are important to us and we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

All representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FRANCHISE APPLICANT

Print Name

Date: _____, 20__

**EXHIBIT L TO
FRANCHISE DISCLOSURE DOCUMENT**

STATE ADDENDUM

**ADDENDUM TO RITA'S FRANCHISE COMPANY
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000 et seq. the Franchise Disclosure Document for Rita's Franchise Company for use in the State of California shall be amended as follows:

1. Neither Rita's Franchise Company ("we" or "us") nor any person identified in Item 2 of the Disclosure Document is currently 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. 78a, et seq., suspending or expelling such persons from membership in such association or exchange.
2. Item 17 of the Disclosure Document is supplemented to include the following language:

California Business & Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise. If the Franchise Agreement or Multiple Shop Development Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement and Multiple Shop Development Agreement require application of the laws of the State of Pennsylvania. This provision may not be enforceable under California law.

The Franchise Agreement and Multiple Shop Development Agreement contain a covenant not to compete which extends beyond the termination of the agreement. This provision may not be enforceable under California law.

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

The Franchise Agreement and Multiple Shop Development Agreement contain a choice of forum provision that requires you to litigate any dispute in Pennsylvania or at the location closest to our principal place of business, and all of the costs of the litigation, including reasonable attorneys' fees of the prevailing party, must be paid by the party who did not prevail. You 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 to any provisions of the Franchise Agreement or Development Agreement restricting venue to a forum outside of the State of California.

3. Section 31125 of the California Corporation Code requires us to give you a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.

California

4. 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.
5. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov.

* * *

**AMENDMENT TO RITA'S FRANCHISE COMPANY
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law, the parties to the attached Rita's Franchise Company Franchise Agreement (the "Franchise Agreement") hereby agree as follows:

1. Section 25.1 of the Franchise Agreement shall be amended by adding the following language:

THIS SECTION SHALL NOT APPLY TO CLAIMS ARISING UNDER SECTIONS 31300 THROUGH 31306 OF THE CALIFORNIA FRANCHISE INVESTMENT LAW, ALL OF WHICH SHALL BE GOVERNED BY APPLICABLE STATE STATUTES. THIS PROVISION DOES NOT LIMIT FRANCHISEE'S RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this California Amendment to the Franchise Agreement in duplicate on the date indicated below.

RITA'S FRANCHISE COMPANY

FRANCHISEE

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO
THE HAWAII FRANCHISE INVESTMENT LAW**

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHIREVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OF AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE SUB-FRANCHISOR.

1.
 - A. This registration is on file or will shortly be on file in the States of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, Rhode Island, Virginia, Washington, and Wisconsin.
 - B. The registration is not exempt from the registration requirements of any states.
 - C. No states have refused, by order or otherwise, to register these franchises.
 - D. No states have revoked or suspended the right to offer these franchises.
 - E. The proposed registration of these franchises has not been withdrawn in any state.
2. No release language set forth in the Franchise Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

**ADDENDUM TO THE RITA'S FRANCHISE COMPANY
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the Franchise Disclosure Document of Rita's Franchise Company for use in the State of Illinois shall be amended as follows:

1. Item 17(b), under the heading entitled "Renewal or extension of the term," for the Franchise Agreement shall be amended by adding the following language at the end of the Item:

Your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/20.

2. Item 17(f), under the heading entitled "Termination by us with cause," for the Franchise Agreement and Development Agreement shall be amended by adding the following language at the end of the Item:

The conditions under which your franchise can be terminated may be affected by Illinois law, 815 ILCS 705/19.

3. Item 17(v), under the heading entitled "Choice of forum," for the Franchise Agreement and Development Agreement shall be amended by adding the following language at the end of the Item:

You may commence any action against Rita's Franchise Company in Illinois with respect to any cause of action arising under the Illinois Franchise Disclosure Act of 1987.

5. Item 17(w), under the heading entitled "Choice of law," for the Franchise Agreement and Development Agreement shall be amended by adding the following language at the end of the Item:

Illinois law, however, will apply to all claims arising under the Illinois Franchise Disclosure Act of 1987.

6. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Addendum to the Franchise Disclosure Document.

**AMENDMENT TO RITA'S FRANCHISE COMPANY
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the parties to the attached Rita's Franchise Company Franchise Agreement (the "Franchise Agreement") hereby agree as follows:

1. Section 2 of the Franchise Agreement, under the heading "Term and Renewal," shall be supplemented by addition of the following language after the last sentence in the Section:

If any of the provisions of this Section 2 concerning non-renewal are inconsistent with the provisions of Section 20 of the Illinois Franchise Disclosure Act of 1987, then the provisions of Section 20 of the Act shall apply.

2. Section 15 of the Franchise Agreement, under the heading "Default and Termination," shall be amended by adding the following language after Section 15.4:

15.5 If any of the provisions of this Section 15 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987, then the provisions of Section 19 of the Act shall apply.

3. Section 25 of the Franchise Agreement, under the subheading entitled "Applicable Law," shall be amended by adding the following language at the end of the Section:

Illinois law, however, will apply to all claims arising under the Illinois Franchise Disclosure Act of 1987.

4. Section 26.5 of the Franchise Agreement, under the heading entitled "Applicable Law; Dispute Resolution", shall be supplemented by the addition of the following language at the end of the Section:

Provided, however, that if this Section is consistent with the Illinois Franchise Disclosure Act of 1987, the provisions of the Illinois Franchise Disclosure Act shall apply.

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

RITA'S FRANCHISE COMPANY

FRANCHISEE

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**RITA'S FRANCHISE COMPANY
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF INDIANA**

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code § § 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code § § 23-2-2.7-1 to 23-2-2.7-10, the Franchise Disclosure Document of Rita's Franchise Company for use in the State of Indiana shall be amended as follows:

1. Item 12 shall be amended by adding the following language at the end of the Item:

Rita's will not compete unfairly with you within your Territory.

2. Items 17(b) and 17(c), under the headings "Renewal or extension of the term" and "Requirements for you to renew or extend" for the Franchise Agreement shall be amended by adding the following language at the end of each Item:

Rita's will not refuse to renew the Franchise Agreement without good cause.

3. Item 17(f), under the heading, "Termination by Us With Cause," for the Franchise Agreement and Development Agreement shall be amended by the addition of the following language:

The conditions under which your rights can be terminated may be affected by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act.

4. Items 17(q) and (r), under the headings "Non-competition covenants during the term of Franchise Agreement" and "Non-competition covenants after the term of the Franchise Agreement" for the Franchise Agreement, shall be amended by adding the following language at the end of each Item:

Notwithstanding the above, your rights will not in any way be abrogated or reduced pursuant to Indiana Code § 23-2-2.7-1(9), which limits the scope of non-competition covenants to the exclusive area granted in the Franchise Agreement.

5. Items 17(q) and (r), under the headings "Non-competition covenants during the term of the Development Agreement" and "Non-competition covenants after the Development Agreement is terminated or expires" for the Development Agreement, shall be amended by adding the following language at the end of each Item:

Notwithstanding the above, your rights will not in any way be abrogated or reduced pursuant to Indiana Code § 23-2-2.7-1(9), which limits the scope of non-competition covenants to the exclusive area granted in the Development Agreement.

6. Items 17(u) and (v), under the headings "Dispute resolution by arbitration or mediation" and "Choice of Forum" for the Franchise Agreement and Development Agreement, shall be amended by adding following language at the end of each Item:

To the extent required by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act, a franchisee or developer that operates a franchised office in Indiana may require, at the franchisee's or developer's option, that litigation or arbitration concerning such franchise take place in Indiana.

7. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code § § 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code § § 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Addendum to the Franchise Disclosure Document.

**AMENDMENT TO RITA'S FRANCHISE COMPANY
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF INDIANA**

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code § § 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code § § 23-2-2.7-1 to 23-2-2.7-10, the parties to the attached Rita's Franchise Company Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Section 1.3 of the Franchise Agreement, entitled "Franchisee's Territory," shall be amended by adding the following language after Section 1.3.2:

The Company is required by this Agreement to agree not to compete unfairly with Franchisee within the Franchisee's Territory. To the extent required by Indiana Code Sections 23-2-2.7-1(2) and 23-2-2.7-2(4), the Company shall not operate a business which is substantially identical to the Franchised Business within the Franchisee's Territory regardless of trade name.

2. Sections 2.2.7 and 14.3.1.3 of the Franchise Agreement, under the headings "Renewal" and "Transfer of Interest", shall be amended by adding the following language at the end of each Section:

To the extent required by Indiana Code Section 23-2-2.7-1(5) no general release executed pursuant to this Section shall be deemed a release, assignment, novation, waiver or estoppel which purports, or is intended to relieve the Company from any liability imposed by the Indiana Deceptive Franchise Practices Act.

3. Section 2.2 of the Franchise Agreement, under the heading "Renewal," shall be amended by adding the following provision after Section 2.2.9:

2.2.10 The Company will not refuse to renew this Agreement without good cause.

4. Section 15 of the Franchise Agreement, under the heading "Default and Termination," shall be amended by adding the following provision after Section 15.4:

15.5 Indiana Law provides that unilateral termination of this Agreement must be for good cause. Good cause includes, among other things, any material violation of this Agreement.

5. Section 17 of the Franchise Agreement, under the heading "Covenants," shall be amended by adding the following provision at the end of the Sections 17.2 and 17.3:

To the extent required by either the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act, the covenants not to compete are limited to the Franchisee's Territory.

6. Section 20 of the Franchise Agreement, under the heading "Independent Contractor and Indemnification," shall be amended by the addition of the following language to the end of the section:

To the extent required by Indiana Code Section 23-2-2.7-2(10), Franchisee shall not be obligated to indemnify Franchisor as provided herein for any liability

caused by Franchisee's reasonable and proper reliance on or use of procedures and materials provided by Franchisor or arising out of Franchisor's negligence.

7. Section 25.1 of the Franchise Agreement, entitled "Applicable Law," shall be amended by adding the following language at the end of the Section:

To the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, Indiana law shall be applied in construing this Agreement.

8. Section 25.2 of the Franchise Agreement, entitled "Arbitration," shall be amended by adding the following language at the end of the Section:

To the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, a franchisee who operates a franchised office in Indiana may require, at the franchisee's option, that arbitration concerning such franchise take place in Indiana.

9. Section 25.5 of the Franchise Agreement, entitled "Jurisdiction and Venue," shall be amended by adding the following language at the end of the Section:

To the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, a franchisee who operates a franchised office in Indiana may require, at the franchisee's option, that litigation concerning such franchise take place in Indiana.

10. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana, Indiana Code § § 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practice Act, Indiana Code § § 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Indiana Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

RITA'S FRANCHISE COMPANY

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**ADDENDUM TO RITA'S FRANCHISE COMPANY
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document for Rita's Water Ice Franchise Company LLC shall be amended as follows:

1. The following shall be added to Items 17c. and 17m. with respect to the general release required as a condition of renewal, assignment/transfer and termination:

The general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The following shall be added to Items 17u., 17v. and 17w.:

Except that you may sue Rita's in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Addendum. The Addendum shall have no force or effect if such jurisdictional requirements are not met.

**AMENDMENT TO RITA'S FRANCHISE COMPANY
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Rita's Franchise Company Franchise Agreement ("Agreement") agree as follows:

1. Paragraph 2.2.7 of the Agreement, under the heading "Renewal," shall be supplemented to include the following language:

Provided that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Maryland Franchise Registration and Disclosure Law shall remain in force; it being the intent of this proviso that the non-waiver provisions of the Law be satisfied. To that effect the general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Paragraph 14.3.1.3 of the Agreement, under the heading "Notification and Conditions of Approval," shall be supplemented to include the following language:

Provided that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Maryland Franchise Registration and Disclosure Law shall remain in force; it being the intent of this proviso that the non-waiver provisions of the Law be satisfied. To that effect the general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 25.3 of the Agreement, under the heading "Limitation," shall be supplemented by the following:

Notwithstanding the above, any claim Franchisee may have under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years of the execution of this Agreement.

4. Section 25.5 of the Agreement, under the heading "Jurisdiction and Venue," shall be supplemented by the following:

Maryland franchisees are permitted to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Section 26 of the Agreement, under the heading "Acknowledgments, Representations and Warranties," shall be supplemented by the following:

The foregoing acknowledgments shall not be construed as a waiver or release by Franchisee of any claims arising under the Maryland Franchise Registration and Disclosure Law.

6. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of the Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed, and delivered this Agreement on the day and year first above written.

RITA'S FRANCHISE COMPANY

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**MINNESOTA ADDENDUM
(Applies only to Minnesota franchisees)**

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. §80C.214, Subds. 3, 4, and 5 which require, except in certain specified cases, that We give you 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the franchise agreement.

We will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name, to the extent required by Minn. Stat. §80C.12, Subd. 1(g).

To the extent governed by Minn. Rule 2860.4400J, you shall not be deemed to have waived any rights under Minnesota law. You shall not be deemed to have consented to Us obtaining injunctive relief, although We may seek injunctive relief. A Court or the arbitrators shall determine whether to require a bond as a condition of injunctive relief.

Non-sufficient fund checks are governed by Minnesota Statute 604.113, which places a cap of \$30 on a non-sufficient fund check. If the check is written in Minnesota and the attempt to collect from the bank was in Minnesota then Minnesota law will prevail. Item 6 of the Franchise Disclosure Document is amended accordingly.

**AMENDMENT TO RITA'S FRANCHISE COMPANY
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Statutes, Section 80C.17, the parties to the attached Rita's Franchise Company Franchise Agreement ("Agreement") agree as follows:

1. Section 25.5 of the Agreement, under the heading "Limitation," shall be supplemented by the following:

Notwithstanding the above, any claim Franchisee may have under the Minnesota Franchise Act must be brought within 3 years of the execution of this Agreement.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Act, with respect to each such provision, are met independent of the Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed, and delivered this Agreement on the day and year first above written.

RITA'S FRANCHISE COMPANY

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

NOTICE 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 the franchise documents, the provision is void and cannot be enforced against you.

Each of the following provisions are void and unenforceable if contained in any document relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise agreement prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if:
 - (i) The term of the franchise is less than 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 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) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligation 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.

Any questions regarding this Notice should be directed to the Michigan Department of Attorney General, 670 Law Building, Lansing, Michigan 48913, (517) 373-7117.

**ADDITIONAL RISK FACTORS AND DISCLOSURE
REQUIRED BY THE STATE OF NEW YORK**

1. RITA'S FRANCHISE COMPANY IS NOT OBLIGATED BY THE FRANCHISE AGREEMENT OR OTHERWISE TO PROTECT ANY RIGHTS WHICH THE FRANCHISEE HAS TO USE THE TRADEMARKS OR TRADE NAMES. THIS MEANS THAT THE FRANCHISEE MAY BE REQUIRED TO COMMENCE LEGAL PROCEEDINGS AT ITS OWN EXPENSE TO PROTECT ITS PROPERTY INTEREST IN THE RITA'S WATER ICE TRADEMARKS, OR TO DEFEND, AT ITS OWN EXPENSE, ANY ACTION WHICH MAY BE BROUGHT AGAINST IT FOR INFRINGEMENT. THESE FACTORS SHOULD BE TAKEN INTO ACCOUNT IN DETERMINING WHETHER OR NOT TO PURCHASE THIS FRANCHISE.
2. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.
3. THE FRANCHISOR RETAINS THE RIGHT TO DISTRIBUTE ITS PRODUCTS THROUGH COMPANY OWNED OR FRANCHISED OPERATIONS TO RETAIL OUTLETS AND VENDING MACHINES LOCATED IN THE FRANCHISEE'S ASSIGNED AREA.

**ADDENDUM TO RITA'S FRANCHISE COMPANY
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 the Franchise Disclosure Document for Rita's Franchise Company for use in the State of New York shall be amended as follows:

1. Item 3 is supplemented as follows:

Except as described above, neither the franchisor, its predecessor, nor any person identified in Item 2, nor an affiliate offering franchises under the franchisor's principal mark:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent. If so, disclose the name of the person; the public agency, association, or exchange; the court, or other forum; a summary of the allegations or facts found by an agency, association, exchange, or court; and the date, nature, terms and conditions of the order of decree.

2. Item 4 shall be supplemented as follows:

Neither the franchisor, its affiliate, its predecessor, nor general partner during the 10 year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge for its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

3. Item 5 shall be supplemented as follows:

The fees will be used to pay for expenses associated with your training, costs and overhead, and profit.

4. Item 17(b) for the Franchise Agreement, under the heading entitled “Renewal or extension of term”, shall be supplemented with the following:

All rights enjoyed by you and any causes of action arising in your favor from the provisions of the New York General Business Law Sections 680-695 and its regulations will remain in force.

5. Item 17(d) for the Franchise Agreement shall be supplemented as follows:

You may terminate the Franchise Agreement upon any grounds available by law.

6. Item 17(d) for the Development Agreement shall be supplemented as follows:

You may terminate the Development Agreement upon any grounds available by law.

7. Item 17(j) shall for the Franchise Agreement and Development Agreement be supplemented as follows:

However, no assignment shall be made except to an assignee who, in the good faith judgment of Rita's, is willing and able to assume Rita's obligations under the Franchise Agreement.

8. Item 17(m) shall be supplemented as follows with respect to Franchisee's execution of a general release:

Provided, however, that all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder remain in force; it being the intent of this proviso that the nonwaiver provisions of the GBL Sections 687.4 and 687.5 be satisfied.

9. Item 17(w) for the Franchise Agreement and Development Agreement, under the subheading entitled “Choice of law,” shall be supplemented by adding the following language:

However, the foregoing choice of law will not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.

10. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of General Business Law of New York State, Sections 680-695, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

**AMENDMENT TO RITA'S FRANCHISE COMPANY
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached Rita's Franchise Company Franchise Agreement (the "Agreement") agree as follows:

1. Paragraph 9.3 of the Agreement shall be supplemented by the addition of the following language, which shall be considered an integral part of the Agreement:

No changes to the System Manuals will be made which would impose an unreasonable economic burden on Franchisee or unreasonably increase its obligations.

2. Paragraph 14.1 of the Agreement shall be supplemented by the addition of the following language, which shall be considered an integral part of the Agreement:

In the event of such an assignment, Franchisor will ascertain that its assignee, in Franchisor's reasonable judgment, possesses the economic resources to fulfill Franchisor's obligations to its franchisees.

3. Paragraph 14.3.1.3 of the Agreement with respect to the general release shall be supplemented to include the following language, which shall be considered an integral part of the Agreement:

Provided that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the GBL of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the nonwaiver provisions of Sections 687.4 and 687.5 of New York's GBL be satisfied.

4. Paragraph 25.1 of the Agreement shall be supplemented to include the following language, which shall be considered an integral part of the Agreement:

However, the foregoing choice of law shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law.

5. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the General Business Law of New York State, Sections 680-695, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed, and delivered this Amendment to the Agreement on the day and year set forth below.

RITA'S FRANCHISE COMPANY

FRANCHISEE

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

NORTH DAKOTA ADDENDUM

(Applies only to North Dakota franchisees)

Under North Dakota law, no modification or change We make to the System Manuals or method of operation may materially affect your status, rights or obligations under the Franchise Agreement.

Covenants not to compete are considered unenforceable in the State of North Dakota.

Under North Dakota law, a requirement that you consent to liquidated damages or termination penalties in the event of termination of the franchise agreement is considered unenforceable.

The North Dakota Franchise Investment Law (Section 51-19-09) requires that the laws of North Dakota, which laws will prevail, will govern the Franchise Agreement. Further, North Dakota law requires that all issues or disagreements relating to the Franchise Agreement will be arbitrated, tried, heard and decided within the jurisdiction of courts in the state of North Dakota.

Under the North Dakota Franchise Investment Law (Section 51-19-09), a North Dakota franchisee may not be required to execute a general release upon renewal of the Franchise Agreement.

**RITA'S FRANCHISE COMPANY
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF RHODE ISLAND**

For franchises and Franchisees subject to the Rhode Island statutes and regulations, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Rita's Franchise Company Franchise Disclosure Document.

1. The sentences in Items 17(v) and 17(w) shall be supplemented with the following language:

except that you may sue us in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Item 17 of the Disclosure Document shall be supplemented by the addition of the following paragraph at the end of the Item:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in the franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

3. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independent of this Addendum. The Addendum shall have no force or effect if such jurisdictional requirements are not met.

**AMENDMENT TO RITA’S FRANCHISE COMPANY
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, the parties to the attached Rita’s Franchise Company Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. The following section shall be added at the end of Section 25 of the Franchise Agreement:

25.9 Notwithstanding the above, Rhode Island franchisees are permitted to bring a lawsuit in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Rhode Island Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

RITA’S FRANCHISE COMPANY

FRANCHISEE

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

SOUTH DAKOTA ADDENDUM

(Applies only to South Dakota franchisees)

Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in South Dakota, except in certain instances as provided by law.

In the event that either party shall make demand for arbitration, such arbitration shall be conducted in a mutually agreed upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association.

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing law of the state where the franchise is located.

Any provision of the franchise agreement which requires you to agree to jurisdiction and venue outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

Notwithstanding any term of the franchise agreement, We are not permitted to terminate the franchise agreement upon default without first affording you thirty (30) days notice with an opportunity to cure the default within that time.

To the extent required by South Dakota law, all provisions giving any party a right to liquidated damages are hereby deleted from the franchise agreement and the parties shall be entitled to their actual damages instead.

**ADDENDUM TO THE RITA'S FRANCHISE COMPANY
FRANCHISE 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 Rita's Franchise Company for use in the Commonwealth of Virginia shall be amended as follows:

1. The following statements are added to Item 17h:

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 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.

2. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Virginia Retail Franchising Act are met independent of this Addendum. The Addendum shall have no force or effect if such jurisdictional requirements are not met.

WASHINGTON ADDENDUM
(Applies only to Washington franchisees)

If any of the provisions in the franchise offering circular or franchise agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the franchise offering circular and franchise agreement with regard to any franchise sold in Washington.

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

Initial Fees of new Washington franchisees are held in an escrow account until the franchisee's business is open.

The state law addendum, above, if applicable, is a part of the Franchise Agreement and supersedes any inconsistent term(s) of the Franchise Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year indicated below.

Dated: _____ [effective date] Date signed: _____

FRANCHISOR:

FRANCHISEE:

By: _____

Franchisee

Address: _____

Address: _____

**EXHIBIT M TO
FRANCHISE DISCLOSURE DOCUMENT**

RECEIPTS (DUPLICATE)

RECEIPT
(Franchisee Copy)

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 Rita's 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.

Maryland, New York and Rhode Island require that Rita's gives 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 and Washington require that Rita's gives 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 Rita's does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the relevant state agency.

We authorize the agents listed in Exhibit B to receive service of process for us.

The name, principal business address, and telephone number of the franchise seller(s) offering this franchise is/are identified with a check mark below:			
Address: 1210 Northbrook Drive, Suite 310, Trevose, PA 19053			

Issuance Date: March, 2013 (See the State Cover Page for the effective date in your state.)

I received a disclosure document dated March, 2013 that included the following Exhibits:

A	List of State Administrators	G-2	Rita's Water Ice Satellite Unit Agreement
B	List of Agents for Service of Process	G-3	Rita's Water Ice Express Unit Agreement
C	Table of Contents of System Manuals	H	Release Agreement
D	List of Franchisees and Stores Closed in Prior Year	I	Big Cup Financing Promissory Note
E	Financial Statements	J	Loan Agreement With Promissory Note and Security Agreement
F	Rita's Water Ice Franchise Agreement (with Exhibits A-F)	K	Franchise Disclosure Questionnaire
G	SBA Addendum to Franchise Agreement	L	State Addendum
G-1	Rita's Water Ice Mobile Satellite Unit Agreement	M	Receipts (duplicate)

Date: _____

Prospective Franchisee

Please retain this copy for your records

RECEIPT
(Franchisor Copy)

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 Rita's 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.

Maryland, New York and Rhode Island require that Rita's gives 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 and Washington require that Rita's gives 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 Rita's does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the relevant state agency.

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G-1	Rita's Water Ice Mobile Satellite Unit Agreement	M	Receipts (duplicate)

Date: _____

Prospective Franchisee

Please return this copy to Rita's

Item 23 - Contacts Information

Scott Schubiger (Rita's Water Ice Franchise Company, LLC) [s.schubiger@ritacorp.com]
1210 Northbrook Drive

John Miles [sjjmiles@gmail.com]
7368 14th St. S
St. Petersburg Florida 33705