

APR 22 2013

SUPPLEMENTAL INFORMATION REGARDING REGISTRATIONS AND APPLICATIONS

- A. List of states in which this proposed registration application is effective:**

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin

- B. List of states in which this proposed registration application is or will be shortly on file:**

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Wisconsin

- C. List of states that have refused to register this franchise offering:**

None

- D. List of states that have revoked or suspended the right to offer franchises:**

None

- E. List of states in which the proposed registration of these franchises has been withdrawn within the last five years:**

None

FRANCHISOR'S COSTS AND SOURCE OF FUNDS

1. Disclose the Franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchised business, including real estate, improvements, equipment, inventory, training, and other items stated in the offering:

Category	Costs
Real Estate	\$0
Improvements	\$0
Equipment	\$0
Inventory	\$0
Training	<u>\$2,000</u>
Travel	\$0
Meals	\$0
Other (describe)	<u>\$500</u>
<u>Other expenses to complete pre-opening training.</u>	
Totals	<u>\$2,500.00</u>

2. State separately the source of all required funds:
Initial Franchise Fees and Working Capital.

FRANCHISE DISCLOSURE DOCUMENT



RECEIVED
APR 22 2013
Department of
LOS ANGELES

Teriyaki Madness
Franchising, LLC
5445 DTC Parkway, Suite 1050
Greenwood Village
Colorado 80111
Phone: 1-888-978-3160
www.teriyakimadness.com

Teriyaki Madness businesses operate fast casual restaurants that make and sell Japanese-style teriyaki dishes and other specialty food items, beverage items, and other items ("Teriyaki Madness Franchise")

The total investment necessary to begin operation of a single Teriyaki Madness Franchise is between \$234,048 and \$372,213. This includes \$50,000 that must be paid to the franchisor or its affiliates

Franchisees may also choose to become a Multi-Unit Operator ("Multi-Unit Operator"), earning the right to establish and operate a certain number of Teriyaki Madness Franchises in a specified area. Multi-Unit Operators must sign our Multi-Unit Operator agreement (the "Multi-Unit Operator Agreement") at the same time as the franchise agreement. Multi-Unit Operators must commit to open five (5) or more Teriyaki Madness Franchises at reduced initial franchise fees. The total investment necessary to begin operation of a Multi-Unit Operator franchise will depend on the number of Teriyaki Madness Franchises to be opened.

The 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 fourteen (14) calendar days before you sign a binding agreement with, or make any payment in connection with the 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 Rodney Arreola at 5445 DTC Parkway, Suite 1050, Greenwood Village, Colorado 80111 and 1-888-978-3160.

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

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

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

Issuance Date: April 19, 2013

STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION/LITIGATION ONLY IN THE CITY WHERE WE HAVE OUR PRINCIPAL PLACE OF BUSINESS (CURRENTLY DENVER, COLORADO). OUT-OF-STATE ARBITRATION/LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE/LITIGATE WITH US IN COLORADO THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT STATES THAT COLORADO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. WE WERE FORMED ON JUNE 6, 2012 AND HAVE A BRIEF OPERATING HISTORY. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.
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 is our agent and represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

STATE EFFECTIVE DATES

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

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

Effective Dates for States Requiring Registration and Notice Filings:

STATE	EFFECTIVE DATE
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Not Registered
Wisconsin	Pending

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS, IF ANY, APPEAR IN THE STATE ADDENDA AT EXHIBIT H.

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

To simplify the language in this Franchise Disclosure Document, "Company" and "we" and "our" means Teriyaki Madness Franchising, LLC, the franchisor "You" and "your" means the person who buys the franchise from Teriyaki Madness Franchising, LLC. If you are a corporation, partnership or limited liability company, your owners will have to guarantee your obligations and be bound by the provisions of the franchise agreement and other agreements as described in this Franchise Disclosure Document.

The Franchisor

We are a Colorado limited liability company formed on June 6, 2012. We have one parent entity and one predecessor. Our principal business address is 5445 DTC Parkway, Suite 1050, Greenwood Village, Colorado 80111. We began offering franchises for Teriyaki Madness Franchises in September 2012. We do not conduct business under any other name or in any other line of business nor do we offer franchises in any other line of business. We do not conduct, and have never conducted, a business of the type described in this disclosure document.

Teriyaki Madness LLC ("TM") is our parent entity. TM owns and has licensed us to use the know-how, recipes, trademarks and other intellectual property involved in operating Teriyaki Madness Units. TM's principal business address is 5445 DTC Parkway, Suite 1050, Greenwood Village, Colorado 80111. TM does not conduct, and has not conducted business under any other name or in any other line of business. TM does not offer, and has not offered, franchises in this line, or any other line, of business. It does not conduct, and has never conducted, a business of the type described in this disclosure document.

Our agent for service of process in Colorado is Tom Wilten at 5445 DTC Parkway, Suite 1050, Greenwood Village, Colorado 80111 and (702) 403-2308. Our other agents for service of process are disclosed in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

Predecessors and Affiliates

Our non-operational predecessor, Madness Worldwide, LLC ("MW") was a Nevada limited liability company. MW offered franchises similar to the type being offered under this Disclosure Document from June 2005 until April 2011 and sold approximately 5 franchises during this time. Its principal business address was 8430 W Lake Mead Blvd, Suite 100, Las Vegas, Nevada 89128. MW operated under the name of Teriyaki Madness until we acquired all of its assets in June, 2012. MW did not conduct business under any other name or in any other line of business nor did it offer franchises in any other line of business. MW does not conduct, and has never conducted, a business of the type described in this disclosure document. We have three affiliates. Teriyaki Madness, Inc ("TMI"), a Nevada corporation with its principal business address at 9845 S Maryland Pkwy, Suite C, Las Vegas, Nevada 89183, Teriyaki Madness Marketing, LLC ("TMM") a Colorado limited liability company with its principal business address at 5445 DTC Parkway, Suite 1050, Greenwood Village, Colorado 80111, and Teriyaki Madness International, LLC ("TM International"), a Colorado limited liability company with its principal business address at 5445 DTC Parkway, Suite 1050, Greenwood Village, Colorado 80111. TMI currently owns and operates businesses of the type described in this disclosure document and has done so since August 2003. TMM manages the Marketing Fund. TM International provides

initial and ongoing support to our franchisees. Neither TMI, TMM, nor TM International has ever offered franchises in this or any other line of business.

The Franchised Business

We award franchises for the use of our "TERIYAKI MADNESS" trademarks, trade names, service marks and logos ("Marks") for the operation of Teriyaki Madness Franchises. The franchise is operated under a business format per a unique system, including our valuable know-how, information, trade secrets, training methods, operations manual, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of Teriyaki Madness Franchises ("System"). We reserve the right to change or otherwise modify the System at any time at our sole discretion. Each Teriyaki Madness Franchise operates a fast casual restaurant that makes and sells Japanese-style teriyaki dishes, and other specialty food items, beverage items, and other items ("Franchised Business" or "Unit"). Teriyaki Madness Units feature grilled high-quality meats marinated and served with our proprietary signature teriyaki sauces. Units offer generous portion sizes at reasonable prices. All meats are grilled to order and served promptly.

You must operate your Teriyaki Madness Franchise per our standard business operating practices and sign our standard franchise agreement attached to this Disclosure Document as Exhibit C ("Franchise Agreement") Your Teriyaki Madness Franchise must offer only those services and products that we have authorized. We reserve the right to add, modify, or delete any services or products that you must offer or sell at your Teriyaki Madness Franchise at any time at our sole discretion. You must also obtain all necessary permits, licenses and approvals to operate your Teriyaki Madness Franchise.

We offer a standard franchise which is available to those persons who we deem qualified, at our sole discretion, to operate a Teriyaki Madness Franchise. You may operate one Unit for each Franchise Agreement you sign with us. We retain the right, in our sole discretion, to choose to award or not to award a Teriyaki Madness Franchise to any prospective franchisee, and to cease discussions regarding the awarding of a franchise at any time, regardless of the stage of the franchise award process or the time and money spent by you or any other prospective franchisee. We also offer to select qualified persons the opportunity to sign our Multi-Unit Operator agreement ("Multi-Unit Operator Agreement") and acquire the right to develop multiple Teriyaki Madness Franchises in a designated development area according to a development schedule. When you sign a Multi-Unit Operator Agreement, you are granted the right to build a mutually agreed upon number of Teriyaki Madness Franchises (a minimum of 5 Units) in a specified territory ("Development Territory") in accordance with a specified development schedule ("Development Schedule"). The Development Territory will be established based on the consumer demographics of the Development Territory, geographical area, city, county and other boundaries. Multi-Unit Operators will be required to pay the non-refundable initial franchise fees for all Units to be developed under the Multi-Unit Operator Agreement at the time they sign the Multi-Unit Operator Agreement. If you enter into a Multi-Unit Operator Agreement, you must sign a Franchise Agreement in the form attached to this Disclosure Document for your first Teriyaki Madness Franchise ("Initial Franchise Agreement") at the same time that you sign the Multi-Unit Operator Agreement. We will require you to sign our then-current form of Franchise Agreement after that for each Teriyaki Madness Franchise that you develop under the Multi-Unit Operator Agreement except that any additional Franchise Agreements signed pursuant to the Development Schedule will have the same royalty rate as the Initial Franchise Agreement. Unless otherwise stated, any reference in this Disclosure Document to "you" or "Franchisee" includes you both as a Multi-Unit Operator under a Multi-Unit Operator Agreement and as Franchisee under a Franchise Agreement.

General Market and Competition

The primary market for the services and items offered by the Franchised Business are customers seeking high-quality, quick-service meals at reasonable prices. Most customers are between 18 and 49 years old. Typically, Units are located in multi-tenant retail locations to take advantage of existing customer traffic, however, virtually any type of retail structure could be suitable for a Unit, subject to our site-selection criteria.

The fast casual restaurant market, as a whole, is well developed and highly competitive, and includes retail units, mobile food trucks and kiosks selling various types of food. In some locations the quick-serve restaurant market appears to have reached saturation. You may have to compete with numerous other independent and chain-affiliated restaurants, some of which may be franchised. Many fast casual restaurant franchise systems, in particular, have already established national and international brand recognition.

Industry-Specific Laws and Regulations

The restaurant industry is heavily regulated. A wide variety of federal, state and local laws, rules and regulations have been enacted that may impact the operation of your Unit, and may include those which (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the Unit's premises, (b) set standards pertaining to employee health and safety, (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants and laws and regulations relating to access by persons with disabilities, employee practices concerning the storage, handling, cooking and preparation of food, restrictions on smoking, availability of and requirements for public accommodations and requirements for fire safety and general emergency preparedness; (d) establish requirements for food identification and labeling; and (e) regulate advertisements. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Unit and you should consider both their effect and costs of compliance.

Many of the laws, rules and regulations that apply to business generally, such as the Americans With Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to restaurants. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and restaurant sanitary conditions. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

You must identify, investigate, satisfy and comply with all laws, ordinances and/or regulations applicable to your Unit, including employment, workers' compensation, insurance, corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time and may affect the operation of your Unit. You should independently research and review the legal requirements of the food services industry with your own attorney before you sign any binding documents or make any investments as you are solely responsible for compliance and adherence to the rules, regulations and laws in your area. Each of your managers and other employees we designate must be ServSafe (or similar) certified (See ITEM 11).

**ITEM 2
BUSINESS EXPERIENCE**

Chief Executive Officer, Director: Rodney Arreola

Mr Arreola has been our Chief Executive Officer and a Director in Greenwood Village, Colorado since our inception in June 2012. Mr Arreola is also the President and CEO of Madness Worldwide, LLC, located in Las Vegas, Nevada, and has held that position since May 2005

Vice President of Operations, Director: Alan Arreola

Mr Arreola has been our Vice-President of Operations and a Director in Greenwood Village, Colorado since our inception in June 2012 Mr Arreola is also the Vice-President of Operations for Madness Worldwide, LLC located in Las Vegas, Nevada, and has held that position since May 2005

Vice President of Marketing and Director Eric Garma

Mr Garma has been our Vice-President of Marketing and a Director in Greenwood Village, Colorado since our inception in June 2012 He is also the Vice-President of Marketing for Madness Worldwide, LLC, located in Las Vegas, Nevada, and has held that position since May 2005 Since its formation in May 2003, Mr Garma has also been the Vice-President of TMI, located in Las Vegas, Nevada

Board Member, Michael L. Haith

Mr Haith has served as a member of our Board in Greenwood Village, Colorado since our formation in June 2012 Mr. Haith is also the Chief Executive Officer of Maui Wowi Franchising, Inc , a coffee and smoothie franchisor located in Denver, Colorado, and has held that position since March 2002 In 1990, Mr Haith founded, and continues to be the majority owner of, Pour la France! Catering Inc. located in Denver, Colorado. Mr Haith also serves as Chairman of the Board of Doc Popcorn Franchising Inc. in Greenwood Village, Colorado and has done so since April 2008 Mr Haith serves on the Board of Directors of Global Street LLC d/b/a Raintree in Denver, Colorado and has done so since July 2012 Mr Haith is a founding principal of Franchise Sherpas, Inc and has been so since November 2009 in Denver, Colorado

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

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

**ITEM 5
INITIAL FEES**

The "Initial Franchise Fee" for a single Teriyaki Madness Franchise is \$40,000 If you purchase three or more Teriyaki Madness Franchises at one time, you will pay a reduced Initial Franchise Fee of

\$30,000 for each Teriyaki Madness Franchise. The Initial Franchise Fee is payable when you sign your Franchise Agreement or the Multi-Unit Operator Agreement, if applicable.

In addition to the Initial Franchise Fee paid to us, you must pay our affiliate TMI a “Real Estate Fee” of \$10,000 for the first Teriyaki Madness Franchise that you purchase and \$5,000 for each additional Teriyaki Madness Franchise, which offsets our costs in supporting your efforts to find and develop a permanent site. You will pay the Real Estate Fee when you sign the Franchise Agreement.

Initial Franchise Fees and Real Estate Fees are fully earned by us when paid and are not refundable under any circumstances. Unless otherwise agreed to, by way of example, through a franchise sales promotion, or otherwise, all Initial Franchise Fees and Real Estate Fees are uniform.

If you fail to open the Teriyaki Madness Franchise within twelve (12) months of the signing of the Franchise Agreement, you will be required to pay us an “Opening Extension Fee” of \$250 per week until the Teriyaki Madness Franchise is open.

Multi-Unit Operators

We may offer qualified candidates the opportunity to act as Multi-Unit Operators. Multi-Unit Operators obtain the right to develop and operate a prescribed number of Teriyaki Madness Franchises with a minimum requirement of five Teriyaki Madness Franchises. You must pay a Multi-Unit Operator fee (“Multi-Unit Operator Fee”) which is equal to the Initial Franchise Fee for each Teriyaki Madness Unit you intend to develop under the Multi-Unit Operator Agreement. You must pay the Multi-Unit Operator Fee when you sign the Multi-Unit Operator Agreement. The Multi-Unit Operator Fee is nonrefundable under any circumstances once paid, even if you fail to meet your Development Schedule.

We calculate the Multi-Unit Operator Fee uniformly for all franchisees, but the total amount you pay will depend on the number of Teriyaki Madness Franchises you commit to develop.

If you form an entity to open any of the additional Teriyaki Madness Franchises within the Development Territory, you must own at least fifty-one percent (51%) of the issued equity securities in each entity. You must provide us with necessary documentation to show your ownership interest.

**ITEM 6
OTHER FEES**

Name of Fee (1)	Amount	Due Date	Remarks
Royalty Fee (2)	6% of Gross Revenues	Tuesday of each week	The “ <u>Royalty Fee</u> ” is based on Gross Revenues during the previous week. Payments are made via an EFT Transfer.
Marketing Fee	1% of Gross Revenues	Same as Royalty Fee	Based on Gross Revenues during the previous week. This fee is paid to the Marketing Fund. Payments are made via an EFT Transfer.

Name of Fee (1)	Amount	Due Date	Remarks
Local Marketing Requirement (3)	2% of Gross Revenues	Monthly	See ITEM 11 for more information
Technology Fee	Currently \$99.95 per month	Monthly	For use of our online systems, e-mail, data sharing and other internet related functions We collect this fee on the first Tuesday of each month with that week's Royalty Fee and Marketing Fee We reserve the right to increase this fee in the event we offer updated or additional software or technology for use in the Teriyaki Madness Franchise
Payment Service Fees	3% of total charge	As incurred	If payment is made to us by credit card for any fee required, we may charge a service charge of 3% of the total charge
Additional Training or Assistance Fees (4)	An amount set by us (currently \$150 per additional person per day for initial training, \$500 per day for additional training)	As incurred	We provide initial training at no cost for up to two people, we may charge you for training newly-hired personnel, refresher training courses, and additional or special assistance or training you need or request The fee amount will depend on the training required and experience level of the trainer
Convention Fee (5)	\$1,500 for up to two attendees (of which \$500 is credited back if at least one attends), plus expenses and \$500 for each additional attendee, plus expenses	As incurred	Fees are paid via an EFT Transfer or credit card See Note 5
Transfer Fee	50% of our then-current initial franchise fee	\$1,000 deposit at time of transfer application submittal and the remaining balance of fee at time of approved transfer	Payable only in connection with the transfer of your Franchised Business, a transfer of ownership of your legal entity, or the Franchise Agreement

Name of Fee (1)	Amount	Due Date	Remarks
Successor Franchise Fee	10% of our then-current initial franchise fee	At the time you sign the successor Franchise Agreement	Payable if you qualify for a successor franchise and choose to enter into a successor Franchise Agreement
Relocation Fee	\$2,500	Upon submission of request to relocate	Payable if you relocate your Unit
Manual Replacement Fee	\$500	As incurred	Payable if the Manual we loan to you is lost, stolen or destroyed
Late Payment	\$100 per occurrence, plus lesser of the daily equivalent of 15% per year simple interest or the highest rate allowed by law	As incurred	Payable if any payment due to us is not made by the due date Interest accrues from the original due date until payment is received in full
Returned Check Or Insufficient Funds Fee	\$100 per occurrence	As incurred	Due each time a check you write to us is dishonored or you have insufficient funds for an EFT payment
Audit	Cost of audit plus late fee of one and one-half percent (1 5%) interest per month on understatement (we estimate this cost to be between \$1,000 and \$15,000)	Upon demand	Payable only if audit shows an under-statement of at least two percent (2%) of Gross Revenues for any month or if you fail to fully cooperate with our auditors or inspectors
Taxes	Amount assessed by federal, state and local tax authorities on any payments you make to us	Upon demand	Payable if we are assessed any taxes on any payments you make to us (including sales, gross receipt, excise, use or similar taxes, but not income taxes)
Indemnification	Varies under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your Franchised Business, Franchise or the operation of your Franchised Business
Legal Costs and Professional Fees	Will vary under circumstances	As incurred	You will be required to reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement

Name of Fee (1)	Amount	Due Date	Remarks
Insurance	Reimbursement of our costs plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us for the cost of insurance obtained plus twenty percent (20%) of the premium for an administrative cost of obtaining the insurance
Management Fee	\$500 per day per representative, plus expenses	As incurred	Payable if we manage the franchise after you materially breach the Franchise Agreement, or upon your death, disability, or prolonged absence
Liquidated Damages (6)	Will vary under the circumstances	15 days after termination of the Franchise Agreement	See Note 6
Unauthorized Advertising Fee	\$250	Upon demand	This fee is payable to the Marketing Fund if you use unauthorized advertising in violation of the terms of the Franchise Agreement
Failure to Submit Required Financial Report Fine	\$100 per occurrence and \$100 per week	Your bank account will be debited for failure submit any requested report within 5 days of request	Fines collected are paid to the Marketing Fund
Maintenance and Refurbishment	Varies under the circumstances	As incurred	You must perform regular maintenance for your Unit You must refurbish your Unit within six months after our request You will not be required to refurbish your Unit within your first three years of operation
Multi-Unit Operator Extension Fee	\$2,000 per extension	Upon the granting of an extension	Payable if Multi-Unit Operator needs to obtain an extension of the Development Period from Teriyaki Madness to complete construction and commence operation of a particular Teriyaki Madness Franchise This fee is only applicable to Multi-Unit Operators.

Notes

The Item 6 table describes other recurring or isolated fees or payments that you must pay to us or our affiliates, or which we or our affiliates may impose or collect on behalf of a third party, in whole or in part. If you enter into a Multi-Unit Operator Agreement to operate multiple Teriyaki Madness Franchises, the fees indicated in the chart above are the fees charged and/or incurred for each Teriyaki Madness Franchises

- 1 All fees paid to us or our Affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable depending on the vendors and suppliers. We reserve the right to require you to pay fees and other amounts due to us via electronic funds transfer or other similar means, as described in the Franchise Agreement and/or Manual. If payments are required in this method, you must comply with our procedures and perform all acts and deliver and execute all documents, including authorization (Exhibit I) for direct debits from your business bank operating account, which may be necessary to assist in or accomplish payment by this method. Under this procedure you shall authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest that may be owing. You shall make the funds available to us for withdrawal by electronic transfer no later than the payment due date.
- 2 “Gross Revenues” means the revenues you receive from the sale of all items and services, and all other income of every kind and nature related to the Franchised Business or Unit operations, whether for cash or credit, and regardless of collection in the case of credit, but not including (a) any sales taxes or other taxes you collect from customers for, and thereafter paid directly to, the appropriate taxing authority, or (b) any bona fide refunds you make to customers. Gross Revenues are deemed received by you at the time the services or products from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on an account receivable) actually has been received by you. If you have not timely reported your Teriyaki Madness Franchise’s Gross Revenues to us for any reporting period, then we shall be authorized, at our option, to debit your account for the higher of (a) the fees transferred from your account for the last reporting period for which a report of your Teriyaki Madness Franchise’s Gross Revenues was provided to us or (b) an estimated amount due.
- 3 You are required to spend two percent (2%) of your Gross Revenues on local marketing efforts. If a marketing cooperative is established for an area that includes your territory, you must participate in the cooperative and any amount you contribute to the cooperative will count toward your local marketing requirement. (See ITEM 11)
4. If you desire, or we require, additional people to attend the Initial Training Program, we will charge one hundred fifty dollars (\$150) per person per day. If you request or we require additional or ongoing training, you will be required to pay us our then current fee. You will also need to pay for the cost of travel, room and board, and other personal expenses for each person attending the initial and recurring training programs.
- 5 Your Managing Owner and Designated Manager, if applicable, must attend mandatory conferences at locations that we designate, and you must pay other expenses of each person attending, including any conference fees, travel expenses, meals, living expenses and personal expenses. You will pay us, in the same manner as the Royalty Fee, a convention fee of \$1,500. If your required attendees attend the annual convention, we will credit five hundred dollars (\$500) of the \$1,500 back to you in the form of a royalty rebate. The Convention Fee is in addition to other expenses of each person attending, including any conference fees, travel expenses, meals, living expenses and personal expenses. If you wish to send more than two individuals to our annual conference, you

must pay, in addition to expenses, a fee of five hundred dollars (\$500) per additional individual (See ITEM 11)

- 6 If we terminate your Franchise Agreement for cause, you must pay us within fifteen (15) days after the effective date of termination, liquidated damages equal to the average monthly Royalty Fees you paid to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid (1)
	Low	High			
Initial Franchise Fee	\$40,000	\$40,000	Lump Sum	Upon signing Franchise Agreement	Us
Real Estate Fee	\$10,000	\$10,000	Lump Sum	Upon signing Franchise Agreement	Our Affiliate
Rent, Security Deposit, Utility Deposit (2)	\$13,600	\$32,500	As incurred	As agreed	Landlord, Utility Companies
Leasehold Improvements (3)	\$100,000	\$180,000	As incurred	As agreed	Landlord, Contractors, Other Suppliers
Furniture, Fixtures and Equipment (4)	\$31,500	\$42,500	As incurred	As agreed	Approved Suppliers
Initial Inventory and Supplies (5)	\$2,000	\$5,000	As incurred	As agreed	Approved Suppliers
Insurance (6)	\$2,000	\$4,000	As incurred	As agreed	Insurance Providers
Business Licenses and Permits (7)	\$500	\$750	As incurred	As agreed	Third Parties
Professional Fees (8)	\$2,500	\$4,000	As incurred	As agreed	Attorney, Accountant
Signage (9)	\$5,500	\$8,000	As incurred	As agreed	Approved Suppliers
Office Equipment and Supplies (10)	\$8,000	\$12,600	As incurred	As agreed	Approved Suppliers

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid (1)
	Low	High			
Grand Opening Promotion (11)	\$2,500	\$5,000	As incurred	As agreed	Approved Suppliers
Uniforms (12)	\$600	\$1,000	As incurred	As agreed	Approved Suppliers
Initial Training Expenses (13)	\$599	\$5,614	As incurred	As agreed	Airline, Hotel, Restaurants, etc
Miscellaneous Opening Expenses (14)	\$1,000	\$1,500	As incurred	As agreed	Third Parties, Approved Suppliers
Additional Funds – 3 Months (15)	\$13,749	\$19,749	As incurred	As agreed	Third Parties
TOTAL (16)	\$234,048	\$372,213			

Notes

- 1 All expenditures paid to us or our affiliates are non-refundable under any circumstances once paid. Fees paid to vendors, suppliers, or other third parties may or may not be refundable depending on their policies or your arrangements with them.
- 2 This estimate covers the first three months of rental payments, an initial security deposit and a utility deposit. We estimate that a typical Unit will need between 1,500 and 2,000 square feet of space and we estimate lease rates to range between \$2.25 and \$4.00 per square foot per month. There are a variety of factors that can affect lease rates, the most prominent being location and market conditions. In addition, some leases are triple net leases which require the tenant to pay rent plus all taxes, insurance and maintenance expenses, while other leases may charge a variable rent based on a percentage of your income, with no fixed minimum rental charge. This estimate does not account for triple net expenses or other amounts beyond the base rental rate. You should investigate lease rates in your own area.
- 3 The estimate shown does not reflect any landlord contribution or tenant improvement allowance you may negotiate. The estimate involves expenses associated with the design and build-out of the Unit, such as plumbing, electrical and remodeling work and are based on our experience with existing franchisees. These costs may vary depending on the size, condition and location of the leased premises, supply and demand for materials and labor in your local area, local building and fire code requirements and requirements of the lease regarding such matters as construction, signage and inflation. You may also be able to negotiate with your landlord for a significant landlord contribution for these expenses. In a build-to-suit lease, the landlord typically includes some or all of the improvements and fixtures in your lease payments. The costs vary with factors such as Unit size and type, configuration, remodeling needs, and location.
- 4 This estimate involves the furniture, fixtures, equipment you will need to open a Unit, such as chairs, tables, refrigerators, freezers, charbroil grills, a 6-burner range, deep fryer

- and other items. Some of these expenses will depend on Unit size, shipping distances, supplier chosen and your credit history.
5. You must have an opening inventory and supply items on hand when you begin the operation of your Franchised Business.
 6. You must obtain and maintain certain types and amounts of insurance. (See ITEM 8)
 7. You must obtain all necessary permits and licenses required by applicable law before you begin operation of the Franchised Business.
 8. We strongly recommend that you hire a lawyer, accountant or other professional to advise you on this franchise offering. Rates for professionals can vary significantly based on area and experience.
 9. The estimate is the cost of the interior and exterior signs you will need for your Unit.
 10. You must purchase a point-of-sale system, a computer, a fax machine, business stationery, and certain other related items necessary to operate and manage the Unit in a professional manner according to our System Standards. See ITEMS 6 and 11 for additional information.
 11. You must spend at least \$2,500 on a grand opening advertising campaign that meets our standards and specifications.
 12. You are required to have at least one (1) clean apron per employee per shift. You are also required to have one (1) hat per employee, two (2) shirts for each part-time employee and four (4) shirts for each full-time employee.
 13. This estimates the expense you will incur in sending two (2) individuals to our initial training program, including travel expenses. We do not charge a fee for training. These estimates do not include any salary or wages you may pay to any of your trainees for the time they spend in training. This fee includes ServSafe training. (See ITEM 11)
 14. This estimate covers miscellaneous expenses that you may incur before your Unit first opens for business.
 15. This estimates your initial startup expenses (other than the items identified separately in the above table). These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs depend on how closely you follow our methods and procedures; your management skill, experience, and business acumen, local economic conditions, the local market for your services and products, the prevailing wage rate, competition, and the sales level reached during the initial period. These estimates are based on an initial period of three (3) months.
 16. We have relied on the experience of our affiliate, predecessor, TMI, and officers to arrive at these estimates. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan.

- 17 If you purchase multiple Teriyaki Madness Businesses under the Multiple Unit Development Agreement, you will incur all costs listed above for each Teriyaki Madness Business that you open except that you will not be required to pay an Initial Franchise Fee

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Franchised Business according to our System and specifications. We may regulate the types of products and services offered; inventory levels and conditions, minimum requirements for days and hours of operations, participation in market research and testing and product and service development programs. We may also regulate any other aspects of operating and maintaining the Franchised Business that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Teriyaki Madness Franchises. You must operate the Teriyaki Madness Franchise according to our System Standards (defined in ITEM 11 below). System Standards may regulate the types, models, and brands of supplies, equipment (including the Computer System), furnishings, and interior and exterior signs (collectively, the "Operating Assets") System Standards may also regulate services, products, and supplies the Teriyaki Madness Franchise must offer, unauthorized and prohibited services and products, inventory requirements; designated and approved suppliers, and any other aspects of operating and maintaining the Franchised Business.

You are required to obtain services and products from (1) designated suppliers, (2) approved suppliers and/or (3) according to our specifications. Collectively, the purchases and leases you obtain according to our specifications or from approved or designated suppliers represent approximately eighty-five percent (85%) to ninety percent (90%) of your total purchases and leases to establish your Teriyaki Madness Franchise and approximately seventy percent (70%) to seventy-five percent (75%) of your total purchases and leases to operate your Teriyaki Madness Franchise. We describe below the purchases and leases that you must make according to our specifications and from designated or approved suppliers (which may include us or our affiliates).

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications that we list in our proprietary and confidential operating manual ("Manual"), which may exist in various parts, locations, and formats and may include a combination of audio, video, written material, electronic media, website content, and/or software components. You must not (i) deviate from these methods, standards, and specifications without our prior written consent, or (ii) otherwise operate in any manner which reflects adversely on our Marks or the System. Our Manual states our specifications, standards, and guidelines for all goods and services that we require you to obtain in establishing and operating your Franchised Business.

We will notify you of new or modified specifications, standards, and guidelines through periodic amendments or supplements to the Manual or through written communication (including electronic communication). We will issue copies of our standards and specifications to you and approved and proposed suppliers, unless these standards and specifications contain our confidential information.

You must purchase all food items, beverage items, marketing materials, uniforms, logo apparel, credit card merchant services, apparel and other items and services that we designate only from suppliers that we have designated and approved in writing. Our approved suppliers have demonstrated to our satisfaction that they have the ability to meet our standards and specifications for the relevant items and services, they possess adequate quality controls, and they have the capacity to supply your needs promptly and reliably. We have the right to change the list of approved suppliers, and you must promptly

change suppliers if we require. We will provide you with written notice of any changes to our approved suppliers

If you want to use or sell a product or service that we have not yet evaluated and approved, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet evaluated and approved (for services and products that require supplier approval), you must notify us and submit to us the information, specifications, and samples that we request. We will notify you in writing within ninety (90) days after receiving all requested information and materials whether you are authorized to use or sell the product or service or to purchase or lease the product or service from that supplier or provider. If we do not notify you within ninety (90) days, the request is deemed to be disapproved. We may charge the cost of evaluating a proposed new vendor/supplier and/or its product to you or the vendor/supplier. We do not make these specifications and/or standards generally available to franchisees or vendors/suppliers. We may periodically re-inspect approved suppliers' facilities and products and we reserve the right to revoke our approval of any supplier, provider, product or service that does not continue to meet our specifications. We will notify you of any changes within 10 days of our decision either in writing or by supplying you with a revised Manual.

We may approve a single distributor or other supplier (collectively, "supplier") for any product, and may approve a supplier only as to particular products. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of Units franchised or operated by us. Our approval of a supplier may be conditioned on requirements concerning the frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), and other similar criteria, and may be temporary, pending our continued evaluation of the supplier. We generally do not make our criteria for approving suppliers available to Teriyaki Madness franchisees.

We are currently not an approved supplier of any products or services. However, we may designate ourselves and/or any affiliates we may have as an approved supplier, or the only approved supplier, from which you may or must lease or purchase particular products or services in developing and operating your Franchised Business. We and our affiliates may derive revenue from these sales, and may sell these items at prices exceeding our or their costs that include a profit margin. TMI is the only approved supplier of the real estate services. Some of our officers own equity in TMI.

We reserve the right to become in the future an approved supplier for other categories of products and supplies offered or used by your Franchised Business, including any proprietary software that we develop and require you to use in operating your franchise. We may derive revenue or other material consideration from required purchases or leases by franchisees. During our last fiscal year, we did not receive any rebates from approved suppliers or payments from franchisees for the purchase of products or services. Our affiliate, TMI, did not receive any revenue from the sale of real estate services to franchisees in 2012 but did receive rebates from approved suppliers in the amount of \$6,400. We and our affiliates will receive rebates from some suppliers based on your purchase of services and products, promotional allowances, volume discounts, and other payments. Rebates will be based on the volume of purchases made by franchisee and will either be a flat rate per purchase or a percentage. During our last fiscal year, neither we nor our affiliates derived revenue or other material consideration as a result of franchisees' required purchases or leases.

We have negotiated price terms and other purchase arrangements with suppliers for some items, including food and drink products, that we require you to lease or purchase in developing and operating your Teriyaki Madness Franchise. In doing so, we seek to promote the overall interests of our franchise system, network of Units, and our interests as the franchisor. There currently are no purchasing and distribution cooperatives.

Insurance

You must obtain and maintain at your own expense and from a supplier rated A+ or better by A M Best & Company, Inc , or meeting other criteria we may establish from time to time, the insurance coverage that we periodically require and satisfy other insurance-related obligations

You currently must have the following insurance coverage: (1) commercial general liability insurance with limits of at least \$2 million per occurrence, at least \$4 million aggregate, and at least \$2 million per person, with \$5,000 per person medical benefits, and a maximum deductible of \$2,500, (2) all risks coverage insurance on all furniture, fixtures, equipment, inventory, supplies and other property used in the operation of the Unit (including flood and/or earthquake coverage where there are known risks) for full replacement value; and (3) workers compensation insurance consistent with applicable law

We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional insured parties and provide for thirty (30) days prior written notice to us of a policy's material modification, cancellation or expiration. You must furnish us with a copy of your Certificate of Insurance within ten (10) days after the policy is issued or renewed. If you fail or refuse to obtain or maintain the insurance we specify, in addition to our other remedies including, without limitation, termination, we may obtain such insurance for you and the Teriyaki Madness Franchise on your behalf, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a twenty percent (20%) administration fee for our time incurred in obtaining such insurance

Computer System

Franchisees must use the computer programs and related materials developed for use in the operation of Teriyaki Madness Franchises ("Software") We require you to pay a separate technology fee for the Software. The purchase of the Software license may include technical support (See ITEM 6 for information on the Technology Fee). Franchisees are required to purchase computer systems from our designated suppliers. You must use the computer hardware and software system, including the point-of-sale system, (collectively, "Computer System") that we periodically designate to operate your Franchised Business. You must obtain the Computer System, software licenses, maintenance and support services, and other related services from the suppliers we specify (which may be limited to us and/or our affiliates)

Effects of Compliance and Noncompliance

You must comply with our requirements to purchase, lease or use the goods and services according to our specifications and/or from approved suppliers to be eligible to renew your franchise. Failure to comply with these requirements will render you ineligible for renewal, and may be a default allowing us to terminate your franchise. We do not provide any other material benefits (e.g. renewal or granting additional franchises) to you for purchasing particular products or services or using particular suppliers.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
(a) Site selection and acquisition / lease	Section 4 01 and 4 02 in Franchise Agreement	Item 7 & 11
(b) Pre-opening purchases / leases	Section 4 04 and 4 05 in Franchise Agreement	Item 6, 7 & 8
(c) Site development and other pre-opening requirements	Section 4 03 in Franchise Agreement	Item 6, 7 & 11
(d) Initial and ongoing training	Section 6 02, 6 03 and 6 04 in Franchise Agreement	Item 5, 6, 7, 11 & 15
(e) Opening	Section 4 06 in Franchise Agreement	Item 11
(f) Fees	Section 8 in Franchise Agreement and Section 3 of Multi-Unit Operator Agreement	Item 5, 6 and 7
(g) Compliance with standards and policies / operating manual	Section 5 01, 5 07 and 9 in Franchise Agreement	Item 8, 11, 14 & 16
(h) Trademarks and proprietary information	Section 9, 10 and 11 in Franchise Agreement and Section 10 of Multi-Unit Operator Agreement	Item 13 & 14
(i) Restrictions on products / services offered	Section 5 10 in Franchise Agreement	Item 8 & 16
(j) Warranty and customer service requirements	Section 5 07 in Franchise Agreement	Item 8
(k) Territorial development and sales quotas	Attachments A and B of Multi-Unit Operator Agreement	Item 12
(l) Ongoing product / service purchases	Section 5 10, 5 11, 5 12 and 5 14 in Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Section 5 05, 5 08 and 5 09 in Franchise Agreement	Item 7 & 17
(n) Insurance	Section 14 01 and 14 02 in Franchise Agreement	Item 6, 7 & 8
(o) Advertising	Section 5 13, 5 15 and 5 16 in Franchise Agreement	Item 6, 7 & 11
(p) Indemnification	Section 14 03 and 14 04 in Franchise Agreement and Section 14 of Multi-Unit Operator Agreement	Item 6
(q) Owner's participation / management / staffing	Section 6 01 in Franchise Agreement and Section 1 of Multi-Unit Operator Agreement	Item 15
(r) Records and reports	Section 8 09, 8 10, 8 11, 8 12, 8 13 and 8 14 in Franchise Agreement	Item 6 & 11
(s) Inspections and audit	Section 12 in Franchise Agreement	Item 6
(t) Transfer	Section 15 in Franchise Agreement and Section 8 of Multi-Unit Operator Agreement	Item 6 & 17
(u) Renewal	Section 3 02 and 3 03 in Franchise Agreement	Item 6 & 17

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
(v) Post-termination obligations	Section 17 in Franchise Agreement	Item 17
(w) Non-competition covenants	Section 5 21 and 17 09 in Franchise Agreement and Section 11	Item 17
(x) Dispute resolution	Section 18 in Franchise Agreement and Section 21 of Multi-Unit Operator Agreement	Item 17
(y) Liquidated damages	Section 17 in Franchise Agreement	Item 6

ITEM 10 FINANCING

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

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

Except as listed below, Teriyaki Madness Franchising, LLC is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your Teriyaki Madness Franchise for business, we will.

1. Provide you with written site selection guidelines and criteria, and provide site selection assistance to determine an acceptable location for your Unit, as we have outlined in the Manual (See Franchise Agreement – Sections 7.01)

2. Review your lease agreement for the premises to ensure that its terms contain our required provisions and otherwise meet our minimum standards (See Franchise Agreement – Sections 7.01)

3. Provide you with specifications for all initial and replacement furniture, fixtures, equipment, inventory, and suppliers required to operate your Franchised Business. We will also provide you with a schematic design review. You must submit final construction plans and specifications to us for our approval before you begin construction at the premises, and must construct the Unit in accordance with those approved plans and specifications (See Franchise Agreement – Sections 7.05 – 7.07)

4. Counsel you on necessary pre-opening procedures and assist you with inventory ordering of products, equipment and supplies, through our Affiliate or other suppliers, as applicable, which are necessary for commencement of operations. (See Franchise Agreement – Sections 7.05 – 7.07)

5. Loan to you or make available to you on our website one copy of the Manual, which may include audio and video media, compact disc media, computer software, other electronic media, and/or written materials. The Manual contains mandatory and suggested specifications, standards, operating procedures, and rules ("System Standards") The Manual includes approximately 276 pages. The table

of contents for the Manual is attached to this disclosure document as Exhibit F (See Franchise Agreement – Sections 7 04)

6 Provide you with a list of our approved items, services and suppliers, and consultation on required purchases as we deem necessary and appropriate (See Franchise Agreement – Sections 7 05 – 7 07)

7 Provide an initial training program to your Managing Owner and Designated Manager, if applicable (See Franchise Agreement – Sections 7 08)

8. Provide you with on-site assistance for up to 7 days in connection with your opening (up to 4 days before your soft opening and up to 3 days within 2 weeks after your grand opening) (See Franchise Agreement – Sections 7 10)

9. Provide you with templates for certain promotional and advertising materials and consultation in connection with the grand opening marketing for your Unit (See Franchise Agreement – Sections 7 10)

10 Provide you with other pre-opening consultation as we deem necessary and appropriate during normal business hours (See Franchise Agreement – Sections 7 10)

11. If you sign a Multi-Unit Operator Agreement, we will designate your Development Territory and Development Schedule within which you may develop a specified number of Teriyaki Madness Franchises

Site Selection

We and TMI will provide you with our site selection criteria for you to use to select and acquire a site for your Unit which meets our site selection criteria. You may not lease or purchase a site for your Unit until after we have approved the site in writing. The factors we consider in approving sites include location, size, suitability, layout, access and visibility of the proposed location, proximity to other businesses, location and nature of any competitors, population density and demographics, vehicle traffic, pedestrian traffic, existing tenant mix, parking convenience, and other factors that may be relevant to your market. The same site selection criteria will generally be applicable to all System franchisees

Our site selection criteria and our approval of a site do not constitute a representation or warranty as to the suitability of any particular site for a Unit or as to any other purpose. Our approval only indicates that we believe that the site falls within our minimum site selection criteria. There are no deadlines for our approval or disapproval of your proposed site, although we will typically be able to respond within two (2) weeks after you submit to us all of the required information. Once we have approved your location, the Franchise Agreement will automatically be amended to show the specific location as the only location where you are authorized to operate the Unit. If you and we are not able to reach agreement on an approved site for your Unit within six (6) months after you sign the Franchise Agreement, then we have the option to terminate the Franchise Agreement without providing you a refund.

You must obtain our prior written approval of your lease. Your lease must meet our lease approval criteria, including certain mandatory lease provisions that we require for our protection

Although we will consult with you on your site, assist you in finding an acceptable location, and require that your site be subject to our final authorization, you have the ultimate responsibility in

choosing, obtaining and developing the site for your Unit. Our consultation is not a promise or guarantee that the Unit operated at your site will be successful.

Opening

You must open your Teriyaki Madness Franchise for business no more than twelve (12) months after you sign the Franchise Agreement. The typical time between signing the Franchise Agreement and opening the Unit is five (5) to eight (8) months. Factors that affect this length of time include: securing any necessary financing, selecting the site; negotiating the lease, obtaining necessary permits; completing leasehold improvements; delivery of equipment, inventory and supplies, completing our initial training program, and hiring and training a manager and other employees. If you do not open within twelve (12) months after you sign the Franchise Agreement, you will be required to pay us an Opening Extension Fee until you open.

You may not open your Teriyaki Madness Franchise until (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) you have completed the initial training program to our satisfaction and have commenced the on-site assistance program, (3) all amounts due to us have been paid, (4) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums that we request, (5) you notify us that all approvals and conditions set forth in the Franchise Agreement have been met, (6) you have received all required permits and licenses, and (7) you have ordered, received and installed your equipment, supplies, inventory and Computer System. You must be prepared to begin operating your Unit after we state that your Unit is ready for opening.

Continuing Obligations

During your operation of your Teriyaki Madness Franchise, we will

1 Advise you regarding the Teriyaki Madness Franchise operation based on your reports and our inspections. We also will guide you on standards, specifications, and operating procedures and methods that Teriyaki Madness Franchises use, required purchases and authorized Operating Assets and other items and arranging for their distribution to you from us or the suppliers; advertising and marketing materials and programs, employee training, and administrative, bookkeeping, accounting, and inventory control procedures. We will guide you through the Manual, in bulletins or other written materials, through the use of electronic media, telephone conferences and/or meetings at our offices or at your Teriyaki Madness Franchise. (See Franchise Agreement – Section 7.12)

2 Continue to loan you or make available to you on our website one copy of the Manual.

3 Issue and modify System Standards for Teriyaki Madness Franchises. We may periodically modify System Standards, and those modifications may require you to invest additional capital in the Teriyaki Madness Franchise and/or incur higher operating expenses. (See Franchise Agreement – Section 7.12)

4 License to you for your use confidential and proprietary information designed to assist you in the operation of the Teriyaki Madness Franchise. (See Franchise Agreement – Section 10.03)

5 License to you use of the Marks, as set forth in greater detail below in ITEM 13. (See Franchise Agreement – Section 10.03)

6. Maintain and administer the Marketing Fund, described in greater detail immediately below in this ITEM 11 (See Franchise Agreement – Section 7.14)

7. Maintain and administer one or more websites to advertise, market and promote Teriyaki Madness Franchises and the services and products offered (each a “System Website”) (See Franchise Agreement – Section 7.15)

8. Review requests for approval of additional items, services and/or suppliers, and notify you of our decision (See Franchise Agreement – Section 7.16)

9. Review samples of all marketing materials and other materials bearing our Marks you submit to us for approval and notify you of our decision (See Franchise Agreement – Section 7.14)

Advertising and Marketing

Marketing Fund

We have established an advertising and marketing fund for Teriyaki Madness Franchises (“Marketing Fund”) You must contribute to the Marketing Fund one percent (1%) of your Gross Revenues Your Marketing Fund contribution will be due at the same time and in the same manner as the Royalty Fee We reserve the right to increase this amount to two percent (2%) of Gross Revenues upon 30 days’ written notice to you Teriyaki Madness Franchises owned by us or our affiliates are not obligated to contribute to the Marketing Fund but may do so on a voluntary basis The Marketing Fund may allocate resources to advertise locally, arealy, and/or nationally, in printed materials, on radio, on television, and/or on the Internet, in our sole discretion.

Use of Marketing Fund

We will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation We will account for the Marketing Fund separately from our other funds and not use the Marketing Fund for our general operating expenses

We will hold all Marketing Fund contributions for the benefit of the contributors and use contributions only for their permitted purposes (described below) We have no fiduciary obligation to you for administering the Marketing Fund The Marketing Fund may allocate in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use any interest earned on Marketing Fund contributions to pay costs before spending the Marketing Fund’s other assets We will not use the Marketing Fund contributions for advertising that is principally a solicitation for the sale of franchises but we reserve the right to include a notation in any advertisement indicating “Franchises Available” or similar phrasing We will make available to you upon written request an unaudited annual accounting for the Marketing Fund that shows how the Marketing Fund proceeds have been spent for the previous year We may, in our sole discretion, have the Marketing Fund audited annually, at the Marketing Fund’s expense, by an independent certified public accountant We may incorporate the Marketing Fund or operate it through a separate entity, in our sole discretion If the Marketing Fund is managed by a separate entity, then such entity will have all of the rights and obligations described in this ITEM 11

We may forgive, waive, settle, and/or compromise all claims by or against the Marketing Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

We may at any time defer or reduce a Franchisee's Marketing Fund contributions and, upon thirty (30) days' prior written notice to you, reduce or suspend Marketing Fund contributions and operations for one or more periods of any length and terminate and/or reinstate the Marketing Fund. If we terminate the Marketing Fund, we will distribute all unused contributions to contributing Franchisee's, and to us or our affiliates, in proportion to respective contributions during the preceding twenty-four (24) month period. (See Franchise Agreement – Section 7.15)

The Marketing Fund may pay for preparing and producing video, audio, and written materials and electronic media, developing, implementing, and maintaining a website that promotes Teriyaki Madness Franchises and/or related strategies; administering area and multi-area marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance, and supporting public relations, market research, and other advertising, promotion, and marketing activities. The Marketing Fund periodically will give you samples of advertising, marketing, and promotional formats and materials at no cost.

We may use the Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund, the Marketing Funds' other administrative costs, travel expenses of personnel while they are on business relating to the Marketing Fund, meeting costs, overhead relating to Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and their programs, including, without limitation, conducting market research, public relations, preparing advertising, promotion, and marketing materials; and collecting and accounting for Marketing Fund contributions.

The Marketing Fund is designed to maximize recognition of our Marks and increase business for Teriyaki Madness Franchises. Although we will try to use the Marketing Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Teriyaki Madness Franchises, we do not ensure that the money from the Marketing Fund used in or affecting any geographic area will be proportionate or equivalent to Marketing Fund contributions by contributors operating in that geographic area, or that any contributor benefits directly or in proportion to its Marketing Fund contributions. We are not required to spend any amount on advertising in your geographic area or territory. We typically disseminate advertising in print media. We direct all advertising and promotional programs. All creative concepts, materials, and media used in these programs and their placement and allocation are the will be created by our in-house advertising department and/or by an outside third party.

During the fiscal year ended December 31, 2012, the Marketing Fund had the following expenditures: 18% for production, 82% for media placement; 0% for administration and the solicitation of franchisees.

Local Advertising

In addition to the Marketing Fund contributions and the Grand Opening Marketing Program described above, each Teriyaki Madness franchisee must spend, each calendar year, an amount greater than or equal to two percent (2%) of Gross Revenues earned in the immediately preceding calendar year on local advertising, publicity, public relations, promotional and other marketing programs to promote the Unit ("Local Advertising Requirement")

All advertising, promotional, and marketing content must be clear, factual, not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we may require from time to time. Before you conduct any advertising or marketing you must send us or our designated agency samples of your proposed materials for review. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved. You may not advertise via the internet or a worldwide web page, including social media websites such as Twitter and Facebook, unless we have authorized you to do so in writing. At our request, all local advertising materials must include certain language, such as "Franchises Available" and our website address and telephone number. You are prohibited from making press releases or contributions or donations associated with the Marks or the Franchised Business without our consent.

Pre-Opening Marketing.

You must execute an opening marketing and advertising program ("Grand Opening Marketing Program") in which you must spend at least \$2,500 during the time period beginning approximately one (1) week before your Unit is scheduled to open and within approximately four (4) weeks after the opening. The Grand Opening Marketing Program must comply with our specifications and standards, as set forth in the Manual.

Cooperative Marketing

Where two or more Units are located in a geographic area, we may form (or approve the formation of) a local marketing cooperative. If a marketing cooperative is formed for an area that includes all or a portion of your territory, you will be required to participate in the cooperative. No Unit will have to participate in more than one cooperative. The geographic area of the cooperative will be defined by contiguous zip codes, street boundaries, county boundaries or depicted on a map, in our sole discretion.

We may require you to contribute up to one hundred percent (100%) of the Local Advertising Requirement on local or area cooperative marketing. As of the Issuance Date of this Disclosure Document, there are currently no marketing cooperatives. Any company-owned Units and affiliate-owned Units in the cooperative marketing area will participate in a marketing cooperative and have voting power as franchised Units. Your contributions to cooperative marketing will be applied toward your local marketing expense requirements, but if the amount you contribute to a local marketing cooperative is less than the amount you must spend for local marketing, you must still spend the difference locally. All members of the cooperative, including company-owned Units, will contribute to the cooperative at the same rate.

Any materials that a marketing cooperative wishes to use must first be approved by us, as described above for local marketing. We or our designee will be responsible for administering each and every cooperative. However, we may delegate this responsibility to a franchisee advisory council, some other committee of franchisees, or the cooperative. The cooperative will operate under written governing documents prepared by us or our designee, which will be made available to you upon reasonable request. An accounting of the operation of the cooperative will be prepared annually by the cooperative, at the cooperative's expense, and made available to cooperative members upon request. We have the right, in our sole discretion, to form, change, dissolve, or merge any cooperative upon written notice to its members, but a cooperative will not be dissolved until all of the money in the cooperative has been spent for marketing purposes.

System Website

We have established a system website for Teriyaki Madness Franchises (“System Website”). Other than the System Website, and certain other activities that we approve from time to time in our sole discretion, you may not conduct activity associated with your Teriyaki Madness Franchise over the Internet and World Wide Web.

We may allow you to promote your business via alternate on-line strategies consistent with our on-line policy as contained in our Manual. We have the right to review all on-line content on social media sites, blogs, in electronic communications and on other on-line sites on which our trademarks are used to protect the reputation and high quality associated with our trademarks and to maintain consistency within the System. We may remove or require you to remove any questionable usage or content involving our trademarks. We may also require you to cease using our trademarks at all such sites or discontinue all use of such sites.

As long as we maintain a System Website, we will have the right to use the Marketing Fund’s assets to develop, maintain and update the System Website. We may update and modify the System Website from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the System Website. We may implement and periodically modify System Standards relating to the System Website.

We are only required to reference your Teriyaki Madness Franchise on the System Website while you are in full compliance with your Franchise Agreement and all System Standards. If you are in default of any obligation under the Franchise Agreement or System Standards, then we may temporarily remove references to your Teriyaki Madness Franchise from the System Website until you fully cure the subject default(s). You may not, without our prior written approval, develop, maintain or authorize any website that mentions or describes you, your Teriyaki Madness, or displays any of the Marks. If we approve your use of a website, including social media websites, we will reserve the right to require you to obtain our written approval of its initial content and as it is updated or modified from time to time. If we develop a template or other standardized format and/or content for Franchisee websites, you must agree to use our mediums. You may not sell services or products not approved by us in the Manual on your Teriyaki Madness franchise website without our prior written approval. (Franchise Agreement – Section 7.15).

Advisory Councils

We reserve the right, at any time, to form one or more advisory councils to assist us in improving products and services, the System, and improving marketing and promotion of Units. If formed, the council will include our representatives and franchisee representatives. Franchisee representatives may be selected by us or may be elected by other franchisees in the System. If you participate in any advisory council, you will pay all expenses you incur related to your participation, such as travel, lodging and meals expenses related to attending council meetings.

There currently are no advisory councils in existence. If formed, the advisory council will serve in an advisory capacity only. We reserve the right to form, change, or dissolve any advisory council at any time.

Computer System

As of the Issuance Date of this Disclosure Document, the Computer System consists of the following: 1 – back office server and desktop computer; 1 -24” monitor; 2 point-of-sale systems, 2 – 15” LCD touchscreen, and 3 thermal receipt printers and cables. We estimate that the initial cost of the Computer System, including hardware and software, will be approximately \$8,500. We currently do not require you to purchase a specific computer system for placing orders from the counter to the kitchen, but

reserve our right to do so in the future. You must at all times have a high speed internet connection for your Computer System

You must obtain the Computer System, software licenses, maintenance and support services, and other related services from the suppliers we specify (which may be limited to us and/or our affiliates) We may periodically modify the specifications for, and components of, the Computer System. These modifications and/or other technological developments or events may require you to purchase, lease, and/or obtain by license new or modified computer hardware and/or software, and obtain service and support for the Computer System. The Franchise Agreement does not limit the frequency or cost of these changes, upgrades, or updates We estimate that the annual costs of required maintenance updates or upgrading or support contracts will be five hundred dollars (\$500) (however, it may be more or less depending the update or contract). We have no obligation to reimburse you for any Computer System costs Within 60 days after you receive notice from us, you must obtain the components of the Computer System that we designate and ensure that your Computer System, as modified, is functioning properly

In addition to the Technology Fee described in Item 6 above, we may charge you a reasonable fee or require that you hire a third party vendor for (i) installing, providing, supporting, modifying, and enhancing any proprietary software or hardware that we develop and license to you, and (ii) other Computer System-related maintenance and support services that we or our affiliates provide to you If we require you to utilize the services of a third party vendor, you will be required to pay them directly If we or our affiliates license any proprietary software to you or otherwise allow you to use similar technology that we develop or maintain, then you must sign any software license agreement or similar instrument that we or our affiliates may require.

You will not install or permit the installation of any unauthorized software on your point-of-sale equipment or computer equipment without our prior express written consent If we determine that unauthorized software or programs have been installed on your systems, you must immediately remove them upon notice from us. You will use your point-of-sale system only in connection with the Franchised Business and only according to System Standards Unless we agree otherwise, you will use only one (1) computer at your Unit to connect to, and communicate with, our computer system, and you must maintain all data relating to your Unit on this same computer. If you have any other computers at your Unit, you must give us full access to those computers anytime we request (including if we audit your Teriyaki Madness Franchise)

You will have sole responsibility for. (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties, and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained and upgraded.

The Computer System will store information about the items sold at your Unit, information about the inventory you purchase, customer data including contact information and lists, sales prices, taxes, fees, sales records, daily totals, and other types of data related to the operation of your Franchised Business All information stored on the Computer System is our property and we will have independent access to the Computer System and/or the right to download any and all information There are no contractual limitations on our right to access and download this information You must make sure that we have access to your point-of-sale system in the manner we require, at your expense. We currently do not specify a system for accounting/bookkeeping, but reserve the right to do so We recommend, but do not require, that franchisees use QuickBooks Pro Software for desktops or QuickBooks Online Edition for accounting/bookkeeping

We or our affiliate may establish an intranet system to provide you with access to an electronic version of the Manual, marketing materials, other System materials and support, and for other purposes

If an intranet system like this is established, we or our affiliate will administer and maintain it, and we will provide you and/or your managers with access to this system. Subject to System Standards, we will continue to allow you or your managers to access our intranet system during the term of the Franchise Agreement, but we have the right to suspend your access to our intranet if you are in default of your Franchise Agreement. We may require you to use the intranet system for communications, reports, and other functions.

Initial Training Programs

We provide an initial training program that lasts approximately 107 hours and is conducted over a period of approximately two (2) weeks (“Initial Training Program”). The Initial Training Program is offered periodically as we determine, but will occur at a minimum of once a year. The Initial Training Program is conducted either at our training facility in Las Vegas, Nevada, at a Unit operated by a franchisee or our affiliate, or at another location we designate, in our sole discretion. In addition, during the opening of your Unit, we provide an on-site assistance program (“On-Site Assistance Program”) that consists of a maximum of seven (7) days (up to 4 days before your soft opening and up to 3 days within 2 weeks after your grand opening). The On-Site Assistance Program is conducted at your Unit.

Before you begin operating your Unit, your Managing Owner and, if applicable, Designated Manager, must attend and successfully complete to our satisfaction our Initial Training Program and the On-Site Assistance Program. If your Managing Owner and/or Designated Manager fail(s) to successfully complete the Initial Training Program or On-Site Assistance Program to our satisfaction, we may require the failing attendee to attend additional training programs that we designate, at your sole expense, or we may require you to appoint a new Managing Owner and/or Designated Manager and to send that individual to the next available Initial Training Program, at your sole expense. If the Initial Training Program is not completed to our satisfaction after two attempts, we may terminate the Franchise Agreement. If, at any time during the term of the Franchise Agreement, you replace your Managing Owner and/or Designated Manager, that replacement must attend and successfully complete the first available Initial Training Program and On-Site Assistance Program held by us (which may be conducted at another Franchisee’s Unit). We currently do not have a set training schedule but will conduct training sessions on an as-needed basis. You will be charged a training fee for each and every replacement Managing Owner and/or Designated Manager and will be responsible for all costs for airfare, ground transportation, lodging, meals, and expenses.

There is no tuition or fee for the Initial Training Program for up to two (2) attendees. There is no tuition or fee for the On-Site Assistance Program. If you desire to have additional people attend the Initial Training Program, you will be charged one hundred fifty dollars (\$150) per person, per day. We do not pay any travel expenses, lodging, meals, ground transportation or other personal expenses for any person attending the initial training programs.

Our Initial Training Program consists of approximately 107 hours of training as follows:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
History / Philosophy of Teriyaki Madness	1	0	Las Vegas, Nevada
Use of the Manual	1	0	Las Vegas, Nevada

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Tour of Restaurant	0	1	Las Vegas, Nevada
Pre-Opening Procedures	4	0	Las Vegas, Nevada
Personnel Issues	2	0	Las Vegas, Nevada
Advertising	2	0	Las Vegas, Nevada
Management Procedures	2	5	Las Vegas, Nevada
Franchise Reporting Requirements	2	0	Las Vegas, Nevada
Accounting / Record Keeping	3	0	Las Vegas, Nevada
Customer Service Procedures	1	3	Las Vegas, Nevada
Cashier Duties	2	12	Las Vegas, Nevada
Prep Procedures	1	12	Las Vegas, Nevada
Grill Procedures	1	12	Las Vegas, Nevada
Range Procedures	1	12	Las Vegas, Nevada
Point Procedures	1	12	Las Vegas, Nevada
Inventory Management	1	3	Las Vegas, Nevada
POS / Cash Register System	1	1	Las Vegas, Nevada
Cleaning Procedures	1	4	Las Vegas, Nevada
Safety Procedures	1	2	Las Vegas, Nevada
Total	28	79	

Notes.

1 Alan Arreola will supervise and conduct training Mr Arreola has been our Vice-President of Operations and a Director since our inception in June 2012 Mr Arreola is also the Vice-President of Operations for Madness Worldwide, LLC located in Las Vegas, Nevada, and has held that position since May 2005

2 We will use the Manual as the primary instruction materials during the initial training

3 Each of your managers and other employees we designate must also be ServSafe (or similar) certified ServSafe is a widely recognized and accepted food safety regulatory body administered by the National Restaurant Association To be ServSafe certified means to have completed ServSafe's applicable training program(s)

Additional Training Programs.

Your Managing Owner, Designated Manager, if applicable, and other staff members of your Franchised Business that we designated may attend optional additional or refresher training programs that we may offer, and must attend all mandatory additional or refresher training programs that we may require. We estimate that this training will be no longer than seven (7) days per year. This training may be offered at our training facility in Las Vegas, Nevada or at some other location in the United States we select. If our additional training program is located at our facility in Las Vegas, Nevada, you will not be required to pay a training fee, but you must pay for all expenses related to your and your employees' attendance at the training program. If our additional training program is located outside of our facility in Las Vegas, Nevada, you will be required to pay a training fee (currently \$500 per day) plus our and your, and your employee's, expenses related to attending and facilitating the training program. The location of each training program is in our sole discretion. We will provide instructors, and training materials for these programs. Any training program that we designate as mandatory must be attended by your Managing Owner, Designated Manager, if applicable, and other staff members of your Franchised Business that we designate, unless their absence is excused by us.

Your Managing Owner and Designated Manager, if applicable, must attend mandatory conferences at locations that we designate, and you must pay any conference fees, travel expenses, meals, living expenses and personal expenses. You will pay us, in the same manner as the Royalty Fee, a convention fee of \$1,500 ("Convention Fee") If your required attendees attend the annual convention, we will credit five hundred dollars (\$500) of the Convention Fee back to you in the form of a royalty rebate. The Convention Fee is in addition to travel expenses, meals, living expenses and personal expenses. If you wish to send more than two individuals to our annual conference, you must pay, in addition to expenses, a fee five hundred dollars (\$500) per additional individual.

ITEM 12 TERRITORY

The Franchise Agreement grants you the right to operate a single Unit at a location that we approve (the "Approved Location") You must operate the Unit only at the Approved Location, and you may not relocate the Unit without our approval. Our approval for relocation is based on the same standards used to approve new Unit sites including where your Unit will be located, whether or not such relocation will infringe upon the rights of other Units, payment of the relocation fee and other requirements; and the time it will take to relocate your Unit.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, during the term of the Franchise Agreement, except as provided below, neither we nor any affiliate will establish or operate, or franchise any entity to establish or operate, a business using the Marks and System at any location within a certain geographic area surrounding the Approved Location, to be described in the Franchise Agreement ("Protected Territory") The scope of the area will likely differ among franchisees, and will be determined by population density and demographics, and geographical and political boundaries. As a general rule, the Protected Territory will include an area with a population of approximately 35,000. However, your Protected Territory may include less than 35,000 if your Unit is located in an area with high non-resident traffic. The boundaries of your Protected Territory may be described in terms of contiguous zip codes, street boundaries, county boundaries or depicted on a map that is attached to your Franchise Agreement. Once we establish your Protected Territory we will not change or modify it without your consent.

Although you will have a Protected Territory, we retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights.

- 1 to own, franchise, or operate Units at any location outside of the Protected Territory regardless of the proximity to your Approved Location or their impact on your existing or potential customers;
- 2 to own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks or other systems, at any location within or outside the Protected Territory (even if these businesses are in competition with you),
- 3 to own, acquire, establish and/or operate, and license others to establish and operate, businesses using any proprietary marks or systems (including the Marks and System) at any airport, train station, other transportation facility, arena, ballpark, stadium, racetrack, other sports facility, theater, auditorium, concert hall, theme park, amusement park, cruise ship, casino, or other entertainment facility, grocery store, college campus, or military base, within any outlet mall or other area mall, or by way of a mobile food truck, within or outside the Protected Territory,
- 4 to use any proprietary marks or systems (including the Marks and the System) to sell any products, including products that are the same or similar to those which you will sell, through any alternative channels of distribution within or outside of the Protected Territory, regardless of their proximity to the Approved Location or their impact on your existing or potential customers. This includes, but is not limited to, grocery stores, convenience stores, club stores, other retail outlets, direct marketing sales, and other channels of distribution such as television, direct mail, mail order, catalog sales, telemarketing, or over the Internet. We exclusively reserve the Internet, including computerized or remote entry ordering systems, as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce unless you have received our prior written permission or unless such activities are expressly authorized by the Manual,
- 5 to acquire, or be acquired by, any competing system, including a competing system that has one or more units within your Protected Territory, and
- 6 to implement multi-area marketing programs which may allow us or others to solicit or sell, to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs

You do not receive the right to acquire additional Units within or outside the Protected Territory unless you have signed a Multi-Unit Operator Agreement. You are not given a right of first refusal on the sale of existing Units. You may not engage in any promotional activities or market our proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere, or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere.

While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Protected Territory, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Protected Territory, you may not make any sales or deliver any products to customers

located outside of your Protected Territory, unless the customer is located in an area where there is not another Teriyaki Madness Unit in operation. You may not sell our proprietary products or any other products to any business or other customer at wholesale or for resale.

Continuation of the Protected Territory is not dependent upon your achievement of a certain sales volume, market penetration, or quota. We do not pay compensation for soliciting or accepting orders inside your territory.

Multi-Unit Operator Agreement

Under the Multi-Unit Operator Agreement, you are assigned a Development Territory in which you must develop five (5) or more Teriyaki Madness Franchises. The rights granted under the Multi-Unit Operator Agreement relate only to the development of the Teriyaki Madness Franchises identified in the Multi-Unit Operator Agreement. Except as provided in the Multi-Unit Operator Agreement, and subject to your full compliance with the Multi-Unit Operator Agreement and any other agreement among you or any of your affiliates and us or any of our affiliates, neither we nor our affiliates will establish or authorize any other person or entity, other than you, to establish a Teriyaki Madness Franchise in your Development Territory during the term of the Multi-Unit Operator Agreement. However, we, our affiliates, and any other authorized person or entity (including any other Teriyaki Madness Franchise) may, at any time conduct any other type of activities within your Development Territory that we are permitted to conduct under the Franchise Agreement. The Development Territory will terminate upon the completion of the Development Schedule or the termination of the Multi-Unit Operator Agreement, whichever occurs first, and the only territorial protections that you will receive upon termination will be those under each individual Franchise Agreement.

Upon your first failure to adhere to the Development Schedule, you will lose the exclusivity granted for the Development Territory. Any second or additional failures to adhere to the Development Schedule (including any extensions approved by us in writing) will constitute a material event of default under the Multi-Unit Operator Agreement, for which we may, among other things (i) terminate the Multi-Unit Operator Agreement, (ii) reduce the area of any territorial rights, (iii) permit you to extend the Development Schedule; or (iv) pursue any other remedy we may have at law or in equity, including but not limited to a suit for non-performance.

The size of the Development Territory may be a single or multi-city area, single county area or some other area, and will be described in Attachment A of your Multi-Unit Operator Agreement. We will determine the Development Territory before you sign the Multi-Unit Operator Agreement based on various market and economic factors.


ITEM 13 TRADEMARKS

The Marks and the System are owned by TM and are licensed exclusively to us. TM has granted us an exclusive license ("Trademark License") to use the Marks for purposes of franchising the System around the world. The Trademark License extends until December 31, 2025, but it will automatically renew for subsequent ten (10) year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the Marks or the goodwill of the System. In the event the Trademark License is terminated, TM has agreed to license the use of the Marks directly to our franchisees until such time as each Franchise Agreement expires or is otherwise terminated. Otherwise, the license agreement may be terminated by TM for cause upon any affirmative act of insolvency (or similar events) or upon our breach of the license agreement. There are no other

agreements currently in effect which significantly limit our rights to use or license the use of the marks listed above in a manner material to the franchise.


We grant you the non-exclusive right and obligation to use the Marks under the Franchise Agreement. You must use the Marks as we require. You may not use any of the Marks as part of your firm name, corporate name, or domain name. You may not use the Marks in the sale of unauthorized services or products or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of the Teriyaki Madness Franchise or any interest in the franchise. All rights and goodwill from the use of the Marks accrue to us.

Our affiliate TM has registered following trademark for use with the System on the Principal Register with the United States Patent and Trademark Office (“USPTO”)

Mark	Filing or Registration Date	Serial or Registration No.	Status
	March 7, 2006	3,066,808	Registered on the Principal Register Nothing due in 2012

All required affidavits for the registered Marks have been filed

TM has also applied to register the following trademarks on the Principal Register at the United States Patent and Trademark Office

Mark	Filing or Registration Date	Serial or Registration No.	Status
	February 13, 2013	85/849120	Pending on the Principal Register
TERIYAKI MADNESS	September 7, 2012	85/723,650	Pending on the Principal Register

We do not have a federal registration for the Marks above (serial numbers 85/849120 and 85/723,650). These Marks do not have the same legal benefits and rights as federally registered trademarks. If our right to use these Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, no pending infringement, opposition or cancellation, and no pending material litigation involving the principal trademark. We are aware of other businesses using the name “Teriyaki Madness” in the Seattle, Washington area, but we are not aware that

these businesses have sought federal registration for the marks. There are no other infringing uses of the Marks actually known to us that could materially affect your use of the Marks in this state or elsewhere

You must follow our rules regarding use of the Marks. Any display of the Marks by you must be accompanied with notice of registration or claims by use of the symbols "®," "TM" or "SM" as required in the Manual. You must cooperate with us and the owner of the Marks in maintaining registrations and prosecuting applications for the Marks, and in otherwise securing and preserving our rights in the Marks. The Marks may be used only in connection with the Franchised Business, and may not be used in your corporate name or legal name. Marks may not be used in connection with any unauthorized product or service, or in any manner not expressly authorized by the Franchise Agreement.

You must notify us promptly in writing of (1) any adverse or infringing uses of the Marks (or names or symbols confusingly similar), our confidential information or other System intellectual property, and (2) any threatened or pending litigation relating to the Marks or System against (or naming as a party) you or us, of which you become aware. We or the Marks owner will handle disputes with third parties concerning use of all or any part of the Marks or System in any manner we deem appropriate, in our sole discretion. You must cooperate fully and in good faith with us and the Marks owner in our efforts to resolve these disputes. We or the Marks owner may bring suit in your name or join you as a party to the relevant proceedings. We or the Marks owner may resolve the matter by obtaining a license of the property at no expense to you, or by requiring that you discontinue using the infringing property or modify your use to avoid infringing the rights of others. We and the Marks owner are not required to initiate suit against imitators or infringers who do not, in our sole opinion, have a material adverse impact on the Franchised Business, and we are not required to initiate any other suit or proceeding to enforce or protect the Marks or System in a matter we do not believe, in our sole opinion, to be material.

We or the Marks owner will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we determine that you have used the Marks in accordance with the Franchise Agreement and Manual, we will bear the cost of your defense, including the cost of any judgment or settlement. If we determine that you have not used the Marks in accordance with the Franchise Agreement, Multi-Unit Operator Agreement or Manual, you will bear the cost of, and reimburse us for, your defense, including the cost of any judgment or settlement. If there is litigation relating to your use of the Marks, you must sign any documents and do any acts as may be necessary, in our opinion, to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if the litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement or Manual, we will reimburse you for your out-of-pocket litigation costs in cooperating with us with respect to the litigation.

We reserve the right to substitute different proprietary marks for use in identifying the System, the businesses operating under them, and/or the services offered, if the Marks no longer can be used, or if we determine that substitution of different proprietary marks will be beneficial to the System. In these circumstances, the terms of the Franchise Agreement will govern the use of the substituted proprietary marks, and we will not compensate you for this substitution. You must promptly implement any substitutions of this kind, at your expense. Any use of the Marks not authorized by the Franchise Agreement provisions will be deemed an infringement. You will have no right to license others to use the Marks.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or patents pending are material to the franchise. We claim copyrights in the Manual, which contains trade secrets, advertising and marketing materials, the System Website, and similar items

used in operating Teriyaki Madness Franchises. We have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating your Teriyaki Madness Franchise (and must stop using them if we so direct you).

There are currently no effective adverse determinations of the USPTO, the Copyright Office (Library of Congress), or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state. We need not protect or defend copyrights, although we intend to do so if in the System's best interests. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

Our Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes site selection criteria, training and operations materials, methods, formats, proprietary mixes and recipes, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Teriyaki Madness Franchises, marketing and advertising programs for Teriyaki Madness Franchises, any computer software or similar technology that is proprietary to us or the System; knowledge of, specifications for and suppliers of Operating Assets and other products and supplies; and knowledge of the operating results and financial performance of Teriyaki Madness Franchises other than your Teriyaki Madness Franchise.

All ideas, concepts, techniques, or materials concerning a Teriyaki Madness Franchise, whether or not they are protected intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works-made-for-hire for our use. To the extent that any item does not qualify as a "work-made-for-hire" for us, you must assign ownership of that item, and all related rights to that item, to us and must take whatever action, including executing an assignment agreement or other documents, that we request to show our ownership or to help us obtain intellectual property rights in the subject item(s).

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use non-disclosure and non-competition agreements with those having access to such information. We may regulate the form of confidentiality agreement that you use and must be included as a third party beneficiary with independent enforcement rights in that agreement.

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

The Teriyaki Madness Franchise shall be managed by you, or if you are an entity, by one of your owners who is a natural person with at least a twenty-five percent (25%) ownership interest and voting power in the entity ("Managing Owner") Under certain circumstances we may allow you to appoint a designated manager ("Designated Manager") to supervise the day to day operations of the Teriyaki Madness Franchise. The Designated Manager must successfully complete our training program. The Designated Manager need not have an ownership interest in a franchisee. If you replace a Designated Manager for any reason, the new Designated Manager must satisfactorily complete our training program.

Any Designated Manager and, if you are an entity, an officer that does not own equity in the franchisee entity, must sign the Noncompetition, Nondisclosure and Nonsolicitation Agreement, the form of which is attached to this Franchise Disclosure Document in Exhibit I. All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a Confidentiality Agreement (unless they already signed a Noncompetition Agreement), the current form of which is attached to the Franchise Disclosure Document in Exhibit I. If you are an entity, each owner (i.e., each person holding an ownership interest in you) must sign a personal guaranty, the form of which is attached to the Franchise Agreement as Attachment B. In addition, we require that the spouses of the franchise owners sign the personal guaranty as well.

**ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You are required to offer for sale only products and services that have been approved and specified by us in the Manual and any updates that are incorporated in the Manual from time to time. You may not offer for sale any products or services not specifically approved by us in writing and you may not use your Franchised Business premises for any other purpose than the operation of a Franchised Business and the sale of products or services approved by us. You must offer any products and/or services that we designate as required products and/or required services in the Manual. There are no limits on our ability to make changes to the products or services we require you to sell.

You must offer and sell all services and products that we periodically require for Teriyaki Madness Franchises. You may not perform any services or offer or sell any products that we have not authorized. (See ITEM 8) Our System Standards may regulate required and/or authorized services and products. We periodically may change required and/or authorized services and products. There are no limits on our right to do so.

You may not sell, any items at wholesale or to any purchaser whom you know (or have reasonable grounds to suspect) intends to resell the items. You may sell your items and offer your services at any prices you determine and will in no way be bound by any price we recommend or suggest, but in determining your prices, you must consider the general image of the Unit and the System. If you offer any items at a price suggested by us, we do not guarantee that you will earn any level of revenues or profitability.

**ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
(a) Term of the franchise term	3.01	10 years
(b) Renewal or extension of term	3.02	One 10-year renewal period if you meet certain conditions

Provision	Section in Franchise Agreement	Summary
(c) Requirements for franchisee to renew	3 03	Written notice, full compliance, sign then-current form of franchise agreement, sign release, maintain possession of Unit location, complete refurbishing, and others You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory may change, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees
(d) Termination by franchisee	Not applicable	You may seek to terminate your agreement with us under any grounds available to you by law
(e) Termination by franchisor without cause	Not applicable	
(f) Termination by franchisor with cause	16 01, 16 02, 16 03	We have the right to terminate your franchise agreement in certain circumstances
(g) Cause defined – curable defaults	16 02, 16 03	10 days to pay amounts owed and obtain required insurance; 30 days for all other defaults
(h) Cause defined – non-curable defaults	16 01	Material misrepresentation, failure to open Unit within 12 months, bankruptcy, assignment for benefit of creditors, abandonment, felony conviction, unauthorized transfer, repeated violations, and others
(i) Franchisee's obligations on termination / nonrenewable	17	Return Manual, stop using System and Marks, pay amounts owed, de-identify, and others
(j) Assignment of contract by franchisor	15 01	No restriction on our right to assign
(k) "Transfer" by franchisee – defined	15 02	Transfer of interest in the Franchise Agreement, Unit, assets or you
(l) Franchisor approval of transfer by franchisee	15 02	We have right to approve any proposed transfer
(m) Conditions for franchisor approval of transfer	15 03	Written notice, transferee qualifies, you are not in default, payment of transfer fee, transferor signs general release, transferee signs new franchise agreement, refurbish Unit, transferee successfully completes training program and others
(n) Franchisor's right of first refusal to acquire franchisee's business	15 04	We can match any written and verified offer
(o) Franchisor's option to purchase franchisee's business	17 11	Upon expiration or termination, we can buy all or part of your assets

Provision	Section in Franchise Agreement	Summary
(p) Death or disability of franchisee	15 05	Your personal representative must submit to us a proposal meeting the requirements of transfer within 6 months of your death or mental incompetence
(q) Non-competition covenants during the term of the franchise	5 21	Prohibitions on diverting business to competitors, involvement in any similar business, soliciting employees
(r) Non-competition covenants after the franchise is terminated or expires	17 10	Prohibitions on diverting business to competitors, involvement in any competing business for 2 years and within 25 miles of any Unit, soliciting employees
(s) Modification of the agreement	19 02	We may modify the System and Manual -- no modification of agreements unless in writing and signed (with exceptions)
(t) Integration / merger clause	19 06	Only the terms of the Franchise Agreement and the Multi-Unit Operator Agreement are binding (subject to state, FTC and federal law) Any representations or promises outside the disclosure document and franchise agreement may not be enforceable
(u) Dispute resolution by arbitration or mediation	18.02	Binding arbitration for most disputes
(v) Choice of forum	18 05	City where our principal place of business is located -- currently Denver, Colorado (subject to state law)
(w) Choice of law	19 04	Colorado (subject to state law)

This table lists certain important provisions of the Multi-Unit Operator purchase agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document

THE MULTI-UNIT OPERATOR RELATIONSHIP

Provision	Section in Agreement	Summary
a Length of the term	Section 2 of Multi-Unit Operator Agreement	Term continues until the earlier of a) the years from the Effective Date listed in your Multi-Unit Operator Agreement which varies depending on the number of Teriyaki Madness Franchises you wish to open or b) you have completed your development obligations in accordance with the Development Schedule
b Renewal or extension of the term	Sections 2 and 4 2 of Multi-Unit Operator Agreement	We may extend the term of the Multi-Unit Operator Agreement to allow you to develop replacement Teriyaki Madness Franchises.
c Requirements for Multi-Unit Operator to renew or extend	Sections 2 and 4 2 of Multi-Unit Operator Agreement	We may allow you to extend your term upon the payment of an extension fee.
d Termination by Multi-Unit Operator	Not Applicable	Not Applicable
e Termination by Franchisor without cause	Not Applicable	Not Applicable
f Termination by Franchisor with "cause"	Section 7 of Multi-Unit Operator Agreement	Each of your obligations under the Multi-Unit Operator Agreement is a material and essential obligation, the breach of which may result in termination
g "Cause" defined - curable defaults	Section 7 of the Multi-Unit Operator Agreement	Failure to meet the Development Schedule on two or more occasions, breach of any provision of the Franchise Agreements
h "Cause" defined – defaults which cannot be cured	Not Applicable	Not Applicable
i Multi-Unit Operator's obligations on termination/ non-renewal	Not Applicable	Not Applicable
j Assignment of contract by Franchisor	Section 8.1 of Multi-Unit Operator Agreement	We have the right to transfer or assign the Multi-Unit Operator Agreement to any person or entity without restriction
k "Transfer" by Multi-Unit Operator – defined	Not Applicable.	Not Applicable
l Franchisor approval of transfer by Multi-Unit Operator	Not Applicable	Not Applicable
m Conditions for Franchisor approval of transfer	Not Applicable	Not Applicable
n Franchisor's right of first refusal to acquire Multi-Unit Operator's business	Not Applicable	Not Applicable
o Franchisor's option to purchase Franchisee business	Not Applicable.	Not Applicable
p Death or disability of Multi-Unit Operator	Not Applicable	Not Applicable
q Non-competition covenants during the term of the Multi-Unit Operator Agreement	Not Applicable	Not Applicable

Provision	Section in Agreement	Summary
r Non-competition covenants after the Multi-Unit Operator Agreement is terminated or expires	Not Applicable	Not Applicable
s Modification of the agreement	Not Applicable	Not Applicable
t Integration /merger clause	Section 12 of Multi-Unit Operator Agreement	Only the terms of the franchise agreement are binding (subject to state, FTC or federal law) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable
u Dispute resolution by arbitration	Section 16 of Multi-Unit Operator Agreement	Except for actions brought by us for injunctive or any temporary or permanent equitable relief or actions involving our Marks or property, all disputes must be arbitrated in Denver, Colorado
v Choice of forum	Section 18 of Multi-Unit Operator Agreement	The venue for all proceedings related to or arising out of the Agreement is state or federal court located in Denver, Colorado, unless otherwise brought by us (See State Disclosure Document Addendum including State Amendments to the Multi-Unit Operator Agreement)
w Choice of law	Section 18 of Multi-Unit Operator Agreement	The Agreement is to be governed and enforced under Colorado law (See State Disclosure Document Addendum including State Amendments to the Multi-Unit Operator Agreement)

**ITEM 18
PUBLIC FIGURES**

We do not use any public figures to promote our franchise

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in 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

As of December 31, 2012 we had five (5) franchised Teriyaki Madness franchises and two (2) affiliate owned Teriyaki Madness locations ("Affiliate Locations") All of these locations are located in Nevada The information in the table below is a historical financial performance representation for the 4 Teriyaki Madness franchised restaurants in operation that were larger than 1,300 square feet. One Teriyaki Madness restaurant did not meet this requirement and therefore was not included in the table below

We have provided the following information the high and low annual gross revenue information for each year that the franchised locations were open; the average same store sales percentage increases for each year, the average unit volume of the group for each year, and the number and percentages of franchisees that met or exceeded the average unit volume for each year For 2012, five (5) Teriyaki Madness restaurants were in operation for the entire year For 2011, four (4) Teriyaki Madness restaurants were in operation for the entire year and for the years 2008 to 2010 only three (3) Teriyaki Madness restaurants were open for the entire year

Some Units have earned this amount Your individual results may differ. There is no assurance you will earn as much

Year	High	Low	Average Unit Volume ("AUV")	AUV Same Store Sales increases by %	Number of Franchisees at or above the AUV	Percentage of Franchisees at or above the AUV
2012	\$1,050,642	\$716,845	\$855,624	+23%	1	25%
2011	\$796,730*	\$512,931	\$694,582	+12.1	3	75%
2010	\$775,807	\$379,407	\$619,417	+0.1%	2	66.6%
2009	\$761,552	\$380,145	\$614,656	+14.6%	2	66.6%
2008	\$655,601	\$312,861	\$536,535	n/a	2	66.6%

*The Centennial location opened March 28, 2011 and therefore was not open a full year during 2011.

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

The information provided in the following chart consists of the actual performance of our Maryland Affiliate-owned location (the "Affiliate Location") for January 1, 2012 to December 31, 2012. The size, physical layout, and operations of this Unit are generally similar to the Units that our franchisees will own and operate. While the representations relate to the performance of an Affiliate Location, franchised outlets will share some of the same characteristics, including, degree of competition and similar goods sold. The Affiliate Location does not pay a royalty but does contribute marketing fees. We have included certain expenses for the Affiliate Location. Franchise locations may or may not have similar expenses and they may have additional expenses than the ones listed below. Written substantiation for the financial performance representation will be made available to prospective franchisees upon reasonable request

9845 S. Maryland Parkway, Ste. C, Las Vegas, Nevada 89183

January 1, 2012 through December 31, 2012

Total Income	\$952,722
Less Cost of Goods Sold	(\$298,314)

Less Wages, Salaries, Benefits	(\$265,606)
Gross Profit	\$388,802
Less Total Operating Expenses	(\$164,426)
Operating Profit	<u>\$224,376</u>

Notes

1. *Operating History* The Maryland Unit opened for business in August 2003. It may take some time for a new Unit to establish itself in its marketplace. You should expect lower revenues during the early period of your operations.

2. *Cost of Goods Sold* Cost of goods sold includes the cost of all food items and beverage items, and related supplies, such as napkins, cups, utensils, and take-away containers.

3. *Operating Expenses.* The expenses include many items such as rent, insurance, marketing, miscellaneous supplies, repairs, bank fees, and utilities.

4. *Wages, Salaries, Benefits.* The information for wages, salaries and benefits includes actual labor cost of all personnel in the restaurants.

5. *Location.* The locations reflected in this table are located in Las Vegas, which typically has long, hot summers and mild winters. It is open 7 days a week for an approximate total of 80 hours per week. Revenues for Units in other climates could be affected by the local weather. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Some Units have earned this amount. Your individual financial results are likely to differ. There is no assurance you'll earn as much. You should conduct an independent investigation of the costs and expenses you may incur in operating your Unit. Franchisees listed in this Franchise Disclosure Document may be one source of this information.

Other than the preceding financial performance representation, Teriyaki Madness Franchising, LLC 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 Rodney Arreola at 5445 DTC Parkway, Suite 1050, Greenwood Village, Colorado 80111 and 1-888-978-3160, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

Table No 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	4	4	0
	2011	4	5	+1
	2012	5	5	0
Company-Owned*	2010	1	2	+1
	2011	2	2	0
	2012	2	2	0
Total Outlets	2010	5	6	+1
	2011	6	7	+1
	2012	7	7	0

* The company-owned outlets reflected in the chart above are owned and operated by our affiliate, TMI

Table No 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2010 to 2012

State	Year	Number of Transfers
Total	2010	0
	2011	0
	2012	0

Table No. 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 Operations - Other Reasons	Outlets at End of the Year
Nevada	2010	4	0	0	0	0	0	4
	2011	4	1	0	0	0	0	5
	2012	5	0	0	0	0	0	5
Total	2010	4	0	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2011	4	1	0	0	0	0	5
	2012	5	0	0	0	0	0	5

Table No 4
Status of Company-Owned Outlets
For Years 2010 to 2012

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Nevada	2010	1	1	0	0	0	2
	2011	2	0	0	0	0	2
	2012	2	0	0	0	0	2
Total*	2010	1	1	0	0	0	2
	2011	2	0	0	0	0	2
	2012	2	0	0	0	0	2

* The outlets reflected in the chart above are owned and operated by our affiliate, TMI

Table No. 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
	0	3	1
Total	0	3	1

A list of the names of all franchisees and the addresses and telephone numbers of their businesses will be provided in Exhibit G to this Disclosure Document when applicable.

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

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

As of the Issuance Date of this Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in the Disclosure Document We do not have any trademark specific franchise organizations

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit B to this Disclosure Document are our unaudited financial statements as of March 31, 2013 and our audited financial statement as of December 31, 2012 Our fiscal year-end is December 31 The franchisor has not been in business for three years or more, and, therefore, cannot include the same financial statements as a franchisor that has been in business for three or more years

ITEM 22 CONTRACTS

The following contracts are included as exhibits to this Franchise Disclosure Document

Exhibit C	Franchise Agreement
Exhibit D	Multi-Unit Operator Agreement
Exhibit H	State Addenda and Agreement Riders
Exhibit I	Contracts for the Teriyaki Madness Franchise

ITEM 23 RECEIPTS

The last page of this Franchise Disclosure Document, attached as Exhibit J, is a Receipt to be signed by you, dated and delivered to us at least fourteen (14) calendar days before signing the Franchise Agreement or making any form or amount of payment to us. A copy of the Receipt for your records is also included in Exhibit J.

EXHIBIT A

**LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

CALIFORNIA

Commissioner of Corporations
Department of Corporations
320 West 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
1-866-275-2677

HAWAII

Commissioner of Securities of the
State of Hawaii
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Agents for Service of Process.

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

ILLINOIS

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

INDIANA

Secretary of State
Securities Division
Room E-018
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

Agents for Service of Process**Maryland Securities**

Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020

MICHIGAN

Franchise Administrator
Consumer Protection Division
670 Law Building
Lansing, MI 48913
(517) 373-7117

MINNESOTA

Department of Commerce
Commissioner of Commerce
85 Seventh Place East, #500
St. Paul, MN 55101-3165
(651) 296-4026

NEW YORK

New York Attorney General
Investor Protection & Securities
Bureau
Franchise Section
120 Broadway, 23rd Floor
New York, NY 10271
(212) 416-8236

NORTH DAKOTA

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

RHODE ISLAND

Department of Franchise Regulation
1511 Pontiac Avenue
John O Pastore Complex
Bldg 69-1
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA

Department of Labor and Regulation
Division of Securities
445 East Capitol Ave
Pierre, South Dakota 57501
(605) 773-4823

VIRGINIA

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

**Agent for Service of
Process**

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

WASHINGTON

Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

WISCONSIN

Department of Financial Institutions
Division of Securities
201 West Washington Avenue
Madison, WI 53703
(608) 266-3364

UNAUDITED FINANCIALS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT

PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM

1:58 PM
04/12/13
Accrual Basis

Teriyaki Madness Franchising LLC
Profit & Loss
January through March 2013

Ordinary Income/Expense	
Income	
4808 Consultant Sourced Sales	95,000.00
4858 Teriyaki Madness Sourced Sales	<u>160,000.00</u>
Total Income	<u>255,000.00</u>
Cost of Goods Sold	
5808 Consultant Sourced Sales - COGS	70,350.00
5858 Teriyaki Madness Sourced Sale -	<u>52,800.00</u>
Total COGS	<u>123,150.00</u>
Gross Profit	<u>131,850.00</u>
Expense	
6180 Consulting	1,230.00
6200 Travel and Entertainment	1,130.77
6500 Printing and Reproduction	108.79
6600 Dues and Subscriptions	192.75
7420 Peer Review	225.00
7430 Advertising - Web	6,514.00
7470 Public Relations	3,040.00
8010 Professional Fees	<u>585.53</u>
Total Expense	<u>12,044.89</u>
Net Ordinary Income	<u>119,805.14</u>
Net Income	<u>119,805.14</u>

2:02 PM
04/12/13
Accrual Basis

Teriyaki Madness Franchising LLC
Balance Sheet
As of March 31, 2013

ASSETS	
Current Assets	
Checking/Savings	
1000 Vectra - Operating	<u>208,056.37</u>
Total Checking/Savings	208,056.37
Other Current Assets	
1190 - Intercountry Accounts	<u>-33,174.98</u>
Total Other Current Assets	-33,174.98
Total Current Assets	<u>174,881.39</u>
TOTAL ASSETS	<u>174,881.39</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 - Accounts Payable	<u>60,602.93</u>
Total Accounts Payable	<u>60,602.93</u>
Total Current Liabilities	<u>60,602.93</u>
Total Liabilities	60,602.93
Equity	
32000 - Members Equity	-25,726.68
Net Income	<u>119,805.14</u>
Total Equity	<u>94,078.46</u>
TOTAL LIABILITIES & EQUITY	<u>174,881.39</u>

TERIYAKI MADNESS FRANCHISING LLC

**(a Development Stage Company)
Greenwood Village, Colorado**

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of December 31, 2012 and for the period from inception,

June 6, 2012, through December 31, 2012

TERIYAKI MADNESS FRANCHISING LLC

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Baker Tilly Virchow Krause, LLP
205 N Michigan Ave
Chicago, IL 60601-5927
tel 312 729 8000
fax 312 729 8199
bakertilly.com

INDEPENDENT AUDITORS' REPORT

Member and Board of Directors
Teriyaki Madness Franchising LLC
Greenwood Village, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Teriyaki Madness Franchising LLC, which comprise the balance sheet as of December 31, 2012, and the related statements of operations, member's deficit, and cash flows for the period from inception, June 6, 2012, through December 31, 2012, 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Page 1



All Otherworld Accountants & Engineers, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teriyaki Madness Franchising LLC as of December 31, 2012 and the results of its operations and its cash flows for the period from inception, June 8, 2012, through December 31, 2012 in accordance with accounting principles generally accepted in the United States of America.

Baker Tilly Virchow Kraus, LLP

Chicago, Illinois
April 3, 2013

TERIYAKI MADNESS FRANCHISING LLC

BALANCE SHEET
As of December 31, 2012

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 218
Total Current Assets	<u>218</u>
TOTAL ASSETS	<u>\$ 218</u>
LIABILITIES AND MEMBER'S DEFICIT	
Accounts payable	\$ 1,770
Related party payables	<u>24,176</u>
Total Current Liabilities	<u>25,946</u>
MEMBER'S DEFICIT	
Member's interest	5,000
Deficit accumulated during the development stage	<u>(30,727)</u>
Total Member's Deficit	<u>(25,727)</u>
TOTAL LIABILITIES AND MEMBER'S DEFICIT	<u>\$ 218</u>

See accompanying notes to financial statements.

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TERIYAKI MADNESS FRANCHISING LLC

STATEMENT OF OPERATIONS

For the period from inception, June 6, 2012, through December 31, 2012

OPERATING EXPENSES	\$ <u>30,727</u>
Operating Loss	<u>30,727</u>
NET LOSS	\$ <u>30,727</u>

See accompanying notes to financial statements.

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TERIYAKI MADNESS FRANCHISING LLC

STATEMENT OF MEMBER'S DEFICIT
For the period from inception, June 6, 2012, through December 31, 2012

	<u>Member's Interest</u>	<u>Deficit accumulated during the development stage</u>	<u>Total Member's Deficit</u>
BALANCES, June 6, 2012	\$ -	\$ -	\$ -
Capital contribution	5,000	-	5,000
2012 net loss	<u>-</u>	<u>(30,727)</u>	<u>(30,727)</u>
BALANCES, December 31, 2012	<u>\$ 5,000</u>	<u>\$ (30,727)</u>	<u>\$ (25,727)</u>

See accompanying notes to financial statements.

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TERIYAKI MADNESS FRANCHISING LLC

STATEMENT OF CASH FLOWS

For the period from inception, June 6, 2012, through December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (30,727)
Changes in assets and liabilities	
Accounts payable	1,770
Related party payables	<u>24,175</u>
Net Cash Flows used by Operating Activities	<u>(4,782)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Capital contribution	<u>5,000</u>
Net Cash Flows from Financing Activities	<u>5,000</u>
Net Change in Cash and Cash Equivalents	218
CASH AND CASH EQUIVALENTS - Beginning of Period	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 218</u>

See accompanying notes to financial statements.

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TERIYAKI MADNESS FRANCHISING LLC

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2012 and for the period from inception, June 6, 2012, through December 31, 2012

NOTE 1 - Summary of Significant Accounting Policies

Nature of Operations

Teriyaki Madness Franchising LLC (the "Company"), a single member limited liability company (LLC), is engaged in the business of offering franchises, which operate Teriyaki Madness restaurants. Teriyaki Madness LLC is the sole member of the Company. Teriyaki Madness LLC was formed on June 1, 2012 and became the franchisor to the 7 operating franchises located in Nevada. The Company was formed on June 6, 2012 and no additional franchise rights have been sold as of December 31, 2012.

Development Stage Enterprise

The Company's activities to date principally have been registering for business in various states and raising capital. Consequently, as shown in the financial statements, the Company has realized no revenue and has a deficit accumulated during the development stage for the period from June 6, 2012 (inception) to December 31, 2012 of \$30,727. The Company will continue to be a development stage company, as defined in the accounting standards, until it begins normal operations with revenue.

Cash and Cash Equivalents

The Company defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

Advertising

Advertising costs are charged to operations when incurred. Advertising expense was \$1,850 for the year ended December 31, 2012.

Income Taxes

The Company is treated as a limited liability company (LLC) for federal and state income tax purposes. As such, the Company's income, losses, and credits are included in the income tax returns of its member. The Company is subject to certain state income taxes.

The Company is subject to the accounting standard for uncertainty in income taxes. The tax effects from an uncertain tax position can be recognized in the financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized, upon ultimate settlement with the relevant tax authority. When applicable, the Company has elected to record any potential penalties and interest related to uncertain tax positions as income tax expense on the Company's statements of operations. The Company did not have any uncertain tax positions as of December 31, 2012.

TERIYAKI MADNESS FRANCHISING LLC

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2012 and for the period from inception, June 6, 2012, through December 31, 2012

NOTE 1 - Summary of Significant Accounting Policies (cont)

Fair Value of Financial Instruments

Cash and cash equivalents are stated at cost, which approximates fair market value. The carrying value for accounts payable reasonably approximate fair market value due to the nature of the financial instrument and the short maturity of these items.

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 that 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.

NOTE 2 - Related Party Transactions

The Company receives administrative support from the staff of Franchise Sherpas Fund II Inc., which is a non-controlling member of Teriyaki Madness LLC, as well as use of Franchise Sherpas Fund II Inc.'s office facilities without charge to the Company.

Teriyaki Madness LLC, the sole member of the Company, transfers cash to the Company as needed for payment of operating expenses. The Company received \$24,175 from Teriyaki Madness LLC during the period ended December 31, 2012. The Company has payables outstanding to Teriyaki Madness LLC in the amount of \$24,175 as of December 31, 2012 in relation to the cash transfers.

NOTE 3 - Subsequent Events

The Company has evaluated subsequent events through April 3, 2013 which is the date that the financial statements were approved and issued, for events requiring disclosure in the financial statements.

Subsequent to December 31, 2012 but prior to April 3, 2013, the Company has entered into three franchise agreements for which the Company received total franchise fees of \$255,000

The Company believes that no material events, with the exception of those noted above, have occurred through April 3, 2013 that would require disclosure.

TERIYAKI MADNESS®
Franchise Agreement



TERIYAKI MADNESS®
Franchise Agreement
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ATTACHMENTS:

- Attachment A – Approved Location and Protected Territory
- Attachment B – Initial Franchise Fee and Opening Schedule
- Attachment C- Ownership Interests In Franchise Owner
- Attachment D - Owner's Guaranty and Assumption of Obligations

TERIYAKI MADNESS®
FRANCHISE AGREEMENT

This Franchise Agreement (“**Agreement**”) is made by and between Teriyaki Madness Franchising LLC, a Colorado limited liability company headquartered at 5445 DTC Parkway, Suite 1050, Greenwood Village, Colorado, 80111 (“**we**” or “**us**”), and the franchisee identified on the signature page of this Agreement (“**you**”) as of the date specified as the “**Effective Date**” on the signature page. In consideration of the following mutual promises, the parties agree as follows:

1. RECITALS

1.01 System and Marks

We have the right to use and to license to our franchisees a proprietary and distinctive system (the “**System**”) relating to the establishment and operation of Teriyaki Madness units which make and sell Japanese-style teriyaki dishes and other specialty food items, beverage items and other items. We also have the right to use and to license to our franchisees certain service marks, trademarks, trade names, trade dress, logos, slogans and commercial symbols used to identify the Units or particular items and services offered (collectively, the “**Marks**”)

1.02 Desire to Franchise

You desire, upon the terms and conditions set forth in this Agreement, to obtain a license to use the System and Marks in the establishment and operation of a Teriyaki Madness unit (the “**Unit**”) to engage in the business of making and selling Japanese-style teriyaki dishes and other specialty food items, beverage items and other items (the “**Franchised Business**”). We are willing, upon the terms and conditions set forth herein, to license you to establish and operate the Franchised Business using the Marks and the System in a Unit at an approved location. Unless the context indicates otherwise, capitalized terms have the meaning ascribed to them in this Agreement.

2. GRANT AND LIMITATIONS

2.01 Grant of Franchise

Subject to all of the terms and conditions in this Agreement, we grant to you, and you accept, the license (the “**Franchise**”) to use the System and the Marks in connection with the establishment and operation of a Franchised Business at a Unit situated at the specific location (“**Approved Location**”) set forth in Attachment A to this Agreement.

2.02 Limitations on Grant.

(a) System Standards The Franchise granted by this Agreement is limited to the operation of a Unit in strict accordance with the provisions of this Agreement and the standards we specify in writing, as periodically amended, modified, supplemented or deleted, which we impose on our franchisees in connection with participation in the System, including all mandatory and suggested specifications, policies, rules, techniques and procedures we promulgate about System operation usage (collectively, the “**System Standards**”). You have no rights under this Agreement to use, and you will not use, the System, Marks or Unit premises in connection with any other business, activities, or unapproved items or services.

(b) Trade Name The Franchise granted by this Agreement is limited to establishment and operation of the Franchised Business only under the trade name “Teriyaki Madness” or

other trade name that we expressly authorize or require in writing. You will not adopt alternative, additional or secondary trade names unless you have our prior express written consent

(c) **Location.** The Franchise granted by this Agreement is limited to a single Unit at the Approved Location. The Unit must be located at the Approved Location. If a particular site has not been selected and approved at the time this Agreement is signed, Attachment A will describe the Approved Location in general terms. In that case, after we have approved a location for your Unit, we will unilaterally modify Attachment A and the specific address of that location will automatically become the Approved Location as if originally set forth in Attachment A instead of the general description. You have no rights under this Agreement to use, and you will not use, the System or Marks at any other location, without our prior express written consent. You will not relocate the Unit without our prior express written consent.

(d) **No Sub-Franchising.** You have no rights under this Agreement to grant, and you will not grant, any sub-franchise or sub-license of all or part of the System or Marks.

2.03 Non-Exclusive License

During the term of this Agreement, neither we nor any of our affiliates will establish or operate, or franchise any entity to establish or operate, a Unit using the Marks and System at any location within the market area described in Attachment A ("**Protected Territory**") Otherwise, the Franchise is nonexclusive. Other than the limited rights expressly granted to you under this Agreement, we (on behalf of ourselves and our affiliates) reserve all rights to use the Marks and System, including the following rights, in any manner and on any terms and conditions we deem advisable, and without granting you any rights, accommodation or compensation

(a) to own, acquire, establish and/or operate, and license others to establish and operate businesses using the Marks and System outside the Protected Territory (even if there may be some impact to your business within the Protected Territory),

(b) to own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks or other systems, at any location within or outside the Protected Territory (even if these businesses are in competition with you),

(c) to sell or distribute, at retail or wholesale or otherwise, directly or indirectly, or license others to sell or distribute, any proprietary items (such as bottled teriyaki sauces and salad dressing) which bear any proprietary marks, including the Marks, within or outside the Protected Territory,

(d) to own, acquire, establish and/or operate, and license others to establish and operate, businesses using any proprietary marks or systems (including the Marks and System) at any airport, train station, other transportation facility, arena, ballpark, stadium, racetrack, other sports facility, theater, auditorium, concert hall, theme park, amusement park, cruise ship, casino, or other entertainment facility, or within any outlet mall or other regional mall, within or outside the Protected Territory, and

(e) to acquire, or be acquired by, any competing system, including a competing system that has one or more units within your Protected Territory

2.04 Owner's Guaranty and Assumption of Obligations

To induce us to enter into this Agreement with you if you are an entity, you must have each of your owners sign and deliver to us the Owner's Guaranty and Assumption of Obligations in the form

attached to this Franchise Agreement as Attachment D.

3. TERM AND EXTENSION

3.01 Term

The term of this Agreement begins on the Effective Date and will continue for one period of 10 years, unless terminated sooner by either party. You have no rights under this Agreement to use, and you will not use, the System or Marks after expiration or termination of this Agreement. Some of your duties and obligations under this Agreement will survive after expiration or termination of this Agreement as provided herein.

3.02 Successor Franchise Rights

If you meet all of the conditions specified in Section 3.03, we will offer you up to 1 successor franchise agreement with a term of 10 years to become effective following the expiration of this Agreement.

3.03 Conditions to Successor Franchise

To qualify for an offer of a successor franchise agreement, you must timely satisfy all of the following conditions.

(a) At least 6 months (but no more than 9 months) before the end of the term of this Agreement, you must give us written notice of your request for an extension of franchise rights, and you must pay us a renewal fee equal to 10% of our then-current franchise fee.

(b) At least 2 months (but no more than 6 months) before the end of the term of this Agreement, you must upgrade your Unit to make it consistent with the then-current System Standards for new Units.

(c) At the time that you give notice of your request for an extension and at the end of the initial term, you must not be in default under this Agreement or any other agreement with us or any of our affiliates, and you must have substantially complied with all the provisions of this Agreement and of any other agreements with us or any affiliate during their respective terms.

(d) At least 1 month before the end of the term of this Agreement, you must sign the then-current version of our standard franchise agreement for similar units, to become effective upon the expiration of this Agreement. You acknowledge that the terms and conditions of that agreement may be materially different from this Agreement, and they might not be as favorable to you. However, you will not be required to pay the then-current initial franchise fee; you will not have another option to extend the Franchise, and the Protected Territory will be the same as under this Agreement.

(e) At the end of the term, you (and/or your Manager, if we require) must satisfy our then-current qualification and training requirements.

(f) At least 1 month before the end of the initial term, you (and your owners, if we require) must sign and deliver to us a general release, in a form we will provide, of all claims you or your owners may have against us and any of our affiliates (and our and their respective officers, directors, partners, owners, agents, and employees).

4. YOUR DEVELOPMENT OBLIGATIONS

4.01 Site Selection

You will be solely responsible for locating and obtaining a suitable site for your Unit, which we have the right to approve. Before entering into a lease agreement or other binding agreement to acquire the proposed site, you must submit to us a written description of the proposed site for our approval; provide us with other information regarding the proposed site according to the System Standards or as we reasonably request; and verify to us in writing that the proposed site meets our site selection criteria. We will then approve or disapprove the proposed site. If we disapprove the proposed site, you must select an alternate site and repeat the site approval process until we have approved a proposed site for your Unit. You acknowledge and agree that our approval of a site does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the site for a Unit or for any other purpose. Our approval of the site indicates only that we believe that a site falls within the acceptable site selection criteria as of that time. If you and we are not able to reach agreement on an Approved Location within 6 months after the Effective Date, we have the option to terminate this Agreement without providing you a refund of any fees you paid to us.

4.02 Lease Provisions

After we have approved a proposed site, you must then lease or purchase the approved site. If you will lease the site, your lease must include certain provisions for our protection. You must provide us with a copy of your proposed lease agreement for our review and approval before you sign it. You must not sign the proposed lease agreement until after you have our express written approval. Any lease relating to the Unit's premises must contain the following provisions in contractual language acceptable to us:

- (a) The use of the leased premises will be restricted solely to the operation of a Unit.
- (b) The landlord, upon termination or expiration of the lease, consents to the tenant's removal (at the tenant's expense) of the exterior and interior signs and trade fixtures, so long as the tenant makes repairs caused by the removal of these items.
- (c) The landlord will provide to us (at the same time they are sent to the tenant) a copy of all lease amendments and assignments, and a copy of all letters and notices sent to the tenant relating to the lease or the leased premises.
- (d) We will have the right to enter the leased premises to make any modifications or alterations, at our own cost, necessary (in our opinion) to protect the System and the Marks and to cure, within the time periods provided by the lease, any default under the lease, all without being guilty of trespass or other tort.
- (e) The tenant may assign the lease to us (or our designee) with the landlord's consent (which consent will not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rent. The tenant will remain solely responsible for all obligations, debts and payments under the lease accruing before the effective date of any assignment to us (or our designee).
- (f) The landlord will not amend or otherwise modify the lease in any manner that would affect any of the foregoing requirements without our prior written consent (which will not be unreasonably withheld).

(g) The total possible term of the lease (including the initial term and all renewal terms that are at the tenant's option) must be for at least 5 years

(h) Upon expiration or termination of this Agreement, we (or our designee) will have the right to an assignment of the lease with the landlord's consent (which consent will not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rent. The tenant will remain solely responsible for all obligations, debts and payments under the lease accruing before the effective date of any assignment to us (or our designee). We have included a lease addendum which incorporates these required terms in Exhibit I of the Franchise Disclosure Document

4.03 Construction, Remodeling and Build-out

Promptly after obtaining possession of the approved site for the Unit, you will: (a) have prepared and submit to us for approval plans for the construction, build-out or remodeling of the site consistent with the System Standards and applicable law, if you are unable to use our standard plans, provided, that any altered plans must be submitted to us and receive our approval before such plans can be used. You acknowledge that our review of your amended plans is not meant to assess any compliance with applicable laws, regulations and/or building codes, all of which is your responsibility, (b) obtain all required permits, licenses, and zoning variances, (c) complete the construction, build-out, and/or remodeling of the Unit premises consistent with the approved plans, the System Standards, and applicable law, (d) purchase or lease and install all required equipment, furnishings, fixtures, signs and décor as required by this Agreement and the System Standards, (e) obtain all customary contractors sworn statement and waivers of liens, and (f) otherwise prepare the Unit for opening for business as required by this Agreement and the System Standards

4.04 Furnishings, Fixtures, Equipment and Signs

You must purchase, lease or otherwise use in the establishment and operation of the Unit all of the furnishings, fixtures, equipment and signs that we have approved as meeting our specifications and standards for quality, design, appearance, function and performance, and only these items. You must purchase or lease approved brands, types or models of furnishings, fixtures, equipment, and signs only from suppliers designated or approved by us and according to System Standards. You agree to place or display at the Unit only the signs, logos and display materials that we have approved. After your Unit has been built out, equipped and decorated according to System Standards, you will not make any material alteration to the Unit's premises, furnishings, fixtures, equipment or signs without our prior express written approval

4.05 Inventory and Supplies

You must purchase and stock in the Unit all of the required inventory and supply items, in an adequate mix and quantity of each, all according to the System Standards. Such inventory and items shall be purchased from the suppliers we designate or approve, which may include or be limited to us or our affiliates

4.06 Commencement of Business

Unless we agree in writing to a later opening date, you must open the Unit and begin business within 12 months after the Effective Date of this Agreement. If you are purchasing multiple Units, your opening dates shall be as stated on Attachment B. Before opening the Unit, you must comply with all of your applicable development and operating obligations under this Agreement, including: (a) obtain all required permits and licenses, (b) properly complete all construction, remodeling and build-out of the Unit, (c) properly complete installation of all furnishings, fixtures, equipment and signs, (d) properly display and stock all required inventory and supplies, (e) successfully complete the initial

training program, (f) provide to us proper evidence of required insurance coverage; and (g) provide to us any other information or documents relating to the Unit's readiness for opening or your compliance with applicable System Standards. You must obtain our written approval before opening the Unit, and you must schedule the opening on a mutually convenient date. If you do not open your Unit within twelve months after the execution of this Franchise Agreement, you will be required to pay an opening extension fee of \$250 per week until such time as the Unit is open or this Agreement is terminated.

4.07 Relocation

If your Unit's lease expires or terminates without your fault or if the site is condemned, destroyed or otherwise rendered unusable, you must seek our approval to relocate the Unit to a new location that meets our then-current site selection criteria, subject to the territorial rights of other Units operated by franchisees or our affiliates. You must pay to us our then-current relocation fee, and you must comply with all of the requirements of this Section 4 with regard to any relocation.

5. YOUR OPERATING OBLIGATIONS

5.01 Compliance with System Standards

You will maintain high standards of quality, appearance and operation for the Unit. For the purpose of enhancing the public image and reputation of the businesses operating under the System and for the purpose of increasing the demand for items and services associated with the Marks, you will comply in good faith with all System Standards, including those contained in the Manual. You will operate and maintain the Unit solely in the manner and pursuant to the standards prescribed herein, in the Manual and in other materials we provide to you.

5.02 Compliance with Sound Business Practices

You will at all times operate the Unit diligently and in a manner which is consistent with sound business practices. You will at all times maintain working capital and a net worth which is sufficient, in our opinion, to enable you to fulfill properly all of your responsibilities under this Agreement. You will pay all of your debts and obligations incurred in the operation of the Unit as these debts and obligations become due. You will, in all dealings with us and our affiliates, your suppliers and customers, and public officials, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You will refrain from any business practice which may harm our business, System or Marks, or other franchisees' businesses. You will cause your affiliates, employees, owners, representatives and agents to strictly comply with the provisions of this Agreement.

5.03 Lease Compliance

You will comply with all of the terms of your lease, sublease, and other agreements authorizing use of the Unit premises, and will refrain from any activity which may jeopardize your right to remain in possession of, or to renew the lease or sublease for, the Unit premises. You will not amend or otherwise modify your lease without our express written consent.

5.04 Compliance with Laws

You will obtain and maintain in force, as and when needed, all governmental permits, licenses and approvals required by applicable law to establish and operate the Unit at the Approved Location. You will pay when due (or properly and timely contest) all federal, state and local payroll, withholding, unemployment, permit, license, property, ad valorem, use, sales, gross receipts, income, property and other taxes, assessments, fees, charges, penalties and interest, which may be charged or levied against us as a result of your business operations, and will file when due all required governmental returns, notices and other filings. You will conduct your business operations under this Agreement in full compliance

with all applicable laws, ordinances, regulations, rules, administrative orders, decrees and policies of any local, state, or federal government, governmental agency or department. You will notify us promptly if you obtain any information that any aspect of the System does not comply with any applicable law, rule or regulation.

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

5.05 Unit Image

You will at all times maintain your Unit according to the System Standards, including those standards prescribed in the Manual, such as standards and specifications relating to the safety, maintenance, cleanliness, sanitation, function and appearance of the Unit and your equipment and signs, as well as the requirement that the employees of the Unit will be required to wear uniforms and to maintain a standard of appearance while employed at the Unit.

5.06 Goodwill

You will use reasonable efforts to protect, maintain and promote the trade name "Teriyaki Madness" (or other trade name we approve) and our distinguishing characteristics, the other Marks and the System. You will not permit or allow your officers, directors, owners, Managers, employees, representatives or agents to engage in conduct which is unlawful or damaging to the goodwill or public image of the Marks or System. You will participate in all quality assurance, customer service and customer satisfaction programs we require in good faith. You will follow System Standards for identification of your operations and for you to avoid confusion on the part of customers, creditors, lenders, investors and the public as to the ownership and operation of the Franchised Business.

5.07 Quality and Customer Service Standards

All items and services you provide under this Franchise will be of high quality, and will conform to the quality and customer service standards we may establish from time to time.

5.08 Maintenance of Unit

You will install and maintain at the Unit, at your expense, all furnishings, fixtures, equipment, and signs as required by the System Standards. You will not install or permit to be installed on or about the Unit premises any furnishings, fixtures, equipment, signs, décor, vending machines, video games, or the like that we have not previously approved. You will maintain the Unit premises, and all furnishings, fixtures, equipment and signs in a clean, attractive condition, and in good working order and repair. If we notify you of any deficiency as to the general state of repair or appearance of the Unit's premises, furnishings, fixtures, equipment, signs or décor, you must undertake the action we reasonably specify to correct the deficiency within the time period we specify.

5.09 Refurbishing the Unit

Within 6 months after our request, you will (a) remodel, redecorate, and refurbish the Unit at your expense, to conform to the décor, color schemes, and presentation of trademarks and service marks consistent with our then-current image, and (b) upgrade, modify and/or replace furnishings, fixtures and equipment to conform to our then-current System Standards. You will not be required to make significant capital expenditures in this regard during the first 3 years of the term of this Agreement, but you may be required to purchase equipment necessary to offer and sell new items or services.

5.10 Approved Items and Services

You will offer all approved items and services pursuant to the System Standards at the Unit, and no other items or services. You will prepare and offer for sale all required menu items using the recipes, ingredients, serving sizes, decorations, nomenclature and presentation exactly in accordance with the System Standards. If you desire to offer any unapproved items or services, you must first obtain our prior express written consent. You will refrain from deviating from System Standards by the offer, sale or use of any non-conforming items or services, without our prior express written consent.

5.11 Purchasing

You will purchase or procure certain designated items (including furnishings, fixtures, equipment, signs, inventory and supplies) and services in compliance with any minimum standards or specifications we may periodically establish, and from only the suppliers that we approve which may include or be limited to us or our affiliates. You may purchase or procure any other approved items or services for the Franchised Business from any competent source, so long as the items and services meet or exceed the System Standards. You will maintain at the Unit, at your expense, the mix and quantity of inventory and supplies as required by the System Standards.

5.12 Computer and Communications System

You will, at your expense, purchase and maintain any point-of-sale system, cash register, computer hardware and software, communication equipment, communication services, Internet services (including the requirement to maintain a high speed internet connection), dedicated telephone and power lines, modems, printers, and other related accessories or peripheral equipment that we may specify for use in the Franchised Business. You will provide any assistance we require to connect your point-of-sale system or computer system with our computer system. We will have the right at any time to retrieve data and other information from your point-of-sale system or computer system as we, in our sole discretion, deem necessary or desirable. You shall ensure that we have access at all times to your point-of-sale system, at your cost. You will strictly comply with System Standards for all items associated with your point-of-sale system, computer system and communication equipment and services. You will keep the point-of-sale system, computer system and communication equipment in good maintenance and repair, and you will promptly install, at your expense, any additions, changes, modifications or substitutions to your point-of-sale system, computer hardware, software, communication equipment, telephone and power lines, and other related accessories or peripheral equipment, as we may specify periodically. We may require that you license from us proprietary software for use in the Franchised Business, and, if so, you will sign the software license agreement we specify, and you will comply with all of its terms and conditions. You will utilize the point-of-sale system, computer system and communication equipment and services in connection with the Franchised Business pursuant to the System Standards. For use of our online systems, e-mail, data sharing and other internet related functions a monthly Technology Fee will be collected within the first 7 days of each month. We reserve the right to increase this fee in the event we offer updated or additional software or technology.

5.13 Marketing

(a) Marketing Programs You will participate in all advertising, public relations, promotion, market research, and other marketing activities we may implement for the System (“Marketing Programs”).

(b) Grand Opening Marketing. You must spend at least \$2,500 on local advertising, public relations, promotion, and other marketing activities in connection with your grand opening. Such amount shall be spent before your Unit opens and during its first 90 days of operation. Your grand opening marketing campaign must be approved by us before it can be conducted. You must submit to us proof of these expenditures within 30 days after your Unit first opens for business.

(c) Local Marketing. In order to provide your Unit with the best chance of success, you must spend at least 2% of your Gross Revenues (as defined in Section 8.02 below) on your own local advertising, public relations, promotional and other marketing programs for your Unit. Your marketing materials must use the Marks correctly, comply with System Standards and applicable law, and be expressly approved by us in writing before use. If you use advertising that has not been approved by us, you will be required to pay us two hundred fifty dollars (\$250) per incident, which will be deposited into the Marketing Fund. Upon our request, you will immediately stop using any marketing materials or programs that we, in our sole opinion, deem to be outdated, false, misleading, illegal, in violation of this Agreement, inconsistent with the System Standards, harmful to the System or Marks, or potentially harmful to the goodwill, reputation or customer relations of us or our franchisees or affiliates. At our request, all marketing and promotional materials used by you shall include specific language, such as “Franchises Available” and our website address and telephone number.

(d) Cooperative Marketing. We may, in our discretion, form local or regional marketing cooperatives covering your Protected Territory and the territory of at least one other franchisee for the purpose of developing and implementing local or regional marketing programs, or we may approve of the formation of such a marketing cooperative by our franchisees. If we require you to join a local or regional marketing cooperative (the “Co-op”), then you must join the Co-op; participate with other franchisees in the Co-op’s marketing programs; and pay your share of the Co-op’s marketing expense up to 2% of your Gross Revenues. Any payments you make for the Co-op’s marketing will be applied toward your required minimum local marketing expenditures, but will not affect your obligation to pay marketing fees under this Agreement. If the amount you contribute to a Co-op is less than the amount you are required to expend for local marketing, then you shall nevertheless spend the difference locally. The Co-op’s marketing expenses will be allocated among its members based on the number of participating franchisees or on some other reasonable basis as may be determined by the Franchisee Advisory Council (“FAC”) (if established) or us. We or our designee will be responsible for administering the Co-op; however, we may delegate this authority to the FAC or some other committee of franchisees. The Co-op will operate under written governing documents prepared by us or our designee, which will be made available to you upon reasonable request. An accounting of the operation of the Co-op will be prepared annually by the Co-op, at the Co-op’s expense, and made available to Co-op members upon request. We have the right, in our sole discretion, to modify, merge or dissolve any Co-op upon written notice to its members, however, a Co-op will not be dissolved until all of the money in the Co-op has been spent for marketing purposes.

(e) Press Releases. You will not issue any press release without our prior express written approval.

(f) Contributions and Donations. You will not make any contributions or donations of items, services or money to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of

any organization) in the name of the Franchised Business or otherwise associate with any Mark, without our prior express written consent

5.14 Telephone

You will obtain a telephone number for exclusive use in connection with the Franchised Business, and this telephone number will be deemed to be our property.

5.15 Directory Listings

You will obtain and maintain at your expense white pages and yellow pages listings for the Unit, as required by System Standards, and in the form provided by or expressly approved by us, in the principal telephone directory serving your Approved Location. If other Teriyaki Madness® franchisees are served by the same directory, we may require a group listing of all franchised businesses in the area, and, in that case, the costs of the listing will be reasonably allocated among these franchised businesses. You will timely pay your share of these costs.

5.16 Internet Listing

You will not, directly or indirectly, create or maintain an Internet web page, website address or Internet directory listing relating in any way to your Unit, or which uses any Marks. You are prohibited from conducting any aspect of the Franchised Business through the Internet (except e-mail communications). You are strictly prohibited from promoting your Unit and using the Marks in any manner on social and/or networking websites, including, but not limited to, Facebook, LinkedIn, MySpace and Twitter, without our prior written consent.

5.17 Hours of Operation

You will keep the Unit open and in normal operation for the minimum hours and/or days as required by the System Standards, to the extent consistent with local law and your lease.

5.18 Conferences

You or your owner or Manager will attend each conference and pay the applicable conference fee, if and when we sponsor a conference. Mandatory training for franchisees or their Managers may be held at a conference. The conference fee will be the same for all of our franchisees, but may be based on the number of Units each franchisee has or the number of attendees each franchisee sends to the conference. You will receive reasonable notice of each conference. You will be responsible for all travel, transportation, lodging, meals, and incidental expenses and compensation of the people you send to any conference.

5.19 Notification of Legal Proceedings

You will notify us in writing within 5 business days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, of which you become aware and which may adversely affect the operation or financial condition of the Unit.

5.20 Customer List

You will protect the privacy of your customers by keeping their personal information confidential. You will not disclose customer information to anyone other than your employees and us without our prior written consent.

5.21 Non-Competition

You (and, if you are an entity, your owners, officers and directors) and your Managers will not engage in, assist, acquire, advise, consult with, be employed by, own, or become associated in any way with any business whose methods of operation, trade dress or business concept is the same as or similar to that of the System or the Marks, or which offers Japanese-style teriyaki food items, other than the Franchised Business, without our prior express written consent. You will not solicit or otherwise induce our employees or the employees of any of our affiliates or other franchisees to leave their employment. You will not divert or attempt to divert any business or customer of us or any of our affiliates or franchisees to any competitor

5.22 Uniforms

You will require your Managers and other employees to wear uniforms as required by our System Standards.

5.23 Confidentiality and Non-Competition Agreements

Your Managers must sign confidentiality and non-competition agreements stating that they will maintain the confidentiality of information they receive in connection with their employment and not compete with any of our franchisees following the end of their employment with you. We may require that these contracts be in a form satisfactory to us, including specific identification of us as a third-party beneficiary of the contracts, with the independent right to enforce them. We may require your other employees to sign similar agreements. Our form of Confidentiality and Non-Competition Agreement is attached to the Franchise Disclosure Document Exhibit I.

6. UNIT MANAGEMENT

6.01 Management

At all times during the term of this Agreement, you will designate a manager who meets our educational, managerial and business experience standards, and who will devote full time, energy, attention and best efforts to the management and operation of the Unit ("Manager"). If you are an individual, you may serve as the Manager. If you are an entity, an owner, officer or other qualified employee may serve as the Manager. You will designate to us in writing the identity of your initial Manager as soon as possible after the Effective Date of this Agreement. You will designate to us in writing the identity of each successor Manager immediately after the prior Manager ceases to serve as Manager.

6.02 Manager Training

You and your initial Manager must, before the opening of the Unit, attend and complete to our satisfaction the initial training program required for Managers. You must adequately train any successor Manager you later employ. We will notify you if we determine that the training you provided is inadequate. In that case, your successor Manager must satisfactorily complete the initial training program we require promptly after we notify you. We will provide instructors, facilities and training materials for the training of you and your initial Manager (a maximum of 2 trainees and provided that all of your trainees attend the same initial training program). All other expenses incurred in connect with attendance of training, including the cost of travel, transportation, meals, lodging and any wages will be your responsibility. You will pay to us the then-current tuition (or then-current per diem fee) and expenses we incur for the initial training we may require for any successor Manager you later employ, including the reasonable travel, transportation, meals and lodging expenses we incur if we elect to provide this training at your Unit. If any Manager fails to successfully complete the initial training program to our satisfaction,

we may require your Manager to attend additional training programs (at your cost) or we may require you to appoint a new Manager and to send that new Manager to the initial training program (at your cost) If, after this corrective action, your Manager fails to successfully complete the initial training program to our satisfaction, we may terminate this Agreement.

6.03 Other Training

You and your Manager must attend any additional or refresher training programs that we designate as mandatory for franchisees and managers, respectively, unless your absence is excused by us You will be responsible for all travel, transportation, lodging, meals and incidental expenses and compensation of the people you send for additional or refresher training programs, and you will pay us the cost of providing training materials (if any), and any tuition we may impose under Section 7 09 All training materials are confidential, and will remain our property.

6.04 Employee Training

You will maintain competent and conscientious personnel to operate the Unit in accordance with this Agreement and the Manual You will train or cause the training of all of your personnel as and when required by prudent business practices, System Standards, or this Agreement

7. ASSISTANCE BY US

7.01 Unit Location

We will provide you with our standard site selection criteria and standard Unit layout plans and specifications. We will also provide you with the assistance and consultation we deem advisable regarding site selection and/or the layout of the Unit at the Approved Location. You acknowledge that we will have no obligation to select or acquire a site on your behalf We disclaim all liability for the consequences of approving a particular site Our site selection assistance does not constitute any warranty or guaranty that the Franchised Business will be profitable or otherwise successful at the Approved Location

7.02 Lease Review

We will review the proposed lease for the Unit site after you submit the proposed lease to us If the proposed lease complies with the requirements in Section 4 02 of this Agreement and is otherwise acceptable to us, we will approve it. We will promptly advise you of our decision regarding the proposed lease The final decision whether to acquire a particular approved site or whether to sign a particular approved lease rests solely with you.

7.03 Unit Construction, Remodeling and Build-Out

We will provide you with the consultation we deem advisable regarding constructing, remodeling or build-out of the Unit

7.04 Loan of Manual

Within 15 days after we sign this Agreement, we will loan to you for the term of this Agreement a copy of our current confidential operations manual, and we will later provide you with all periodic modifications thereto and any other manual we may develop specifying the System Standards (collectively, the "Manual") If the copy of the Manual loaned to you is lost, stolen or destroyed before you return it to us, you must pay us our then current replacement fee We reserve the right to provide the Manual electronically, such as by CD-ROM, intranet or password-protected website.

7.05 Furnishings, Fixture, Equipment and Signs

We will provide you with standard lists and/or specifications for approved furnishings, fixtures, equipment and signs. We will provide you with standard lists of any authorized suppliers of any of these items. We will provide you with the assistance and consultation we deem advisable regarding required furnishings, fixtures, equipment and signs.

7.06 Inventory and Supplies

We will provide you with standard lists and/or specifications for approved inventory and supplies. We will provide you with standard lists of any authorized suppliers of any of these items. We will provide you with the assistance and consultation we deem advisable regarding required inventory and supplies.

7.07 Purchasing Assistance

Although you are responsible for purchasing or leasing items and services for use in connection with the Franchised Business, we and/or our affiliates may offer optional assistance to you with purchasing or leasing items or services. We may require minimum standards or specifications for items and services, specify approved items and services, and restrict the suppliers authorized to sell or provide certain items and services in order to control quality, provide for consistent service or obtain volume discounts. We will provide you with System Standards for items and services, our list of approved items and services, and our list of approved suppliers. You acknowledge that we and/or our affiliates may be the sole approved suppliers for certain approved items and services, and that we and our affiliates may derive revenues as a result of your purchase of approved items and services.

7.08 Initial Training

We will provide initial training to you and your initial Manager on mutually-convenient dates. All initial training we provide will be offered, in our sole discretion, at a Unit operated by a franchisee or an affiliate, at our training facility, or at some other location in the United States we select, and will be subject to the provisions of Section 6.02. If you would like additional people to attend the initial training program and we have additional capacity, you will be charged an additional fee per person per day. You will also need to pay for the cost of travel, room and board, and other personal expenses for each person attending.

7.09 Other Training

We may in the future offer or require additional or refresher training for you or your Manager. Additional and refresher training will be held at one or more locations in the United States we select, and may be held in conjunction with a franchisee conference. We may charge you for the cost of providing you the training materials (if any), and a tuition for any additional or refresher training program if training occurs outside of our corporate headquarters plus expenses. All additional and refresher training we provide will be subject to the provisions of Section 6.03.

7.10 Pre-Opening and Opening Assistance

We will provide you with pre-opening assistance and consultation as we deem advisable. We will provide you with on-site assistance for up to 7 days at your Unit in connection with your opening, subject to scheduling, (up to 4 days before your soft opening and up to 3 days within 2 weeks after your grand opening). We will provide templates for certain promotional and advertising materials and consultation in connection with the grand opening marketing for the Unit, which promotion and marketing will be conducted at your expense.

7.11 Suggested Retail Prices

We will provide you with product information and suggested retail prices for approved items or services, however, you are not bound by our recommended prices. In determining prices, you must consider the general image of the Unit and the System. If you choose to offer any items at any price we recommend, you understand and acknowledge that we do not represent, warranty or guarantee that you will earn any level of sales or profitability.

7.12 Continuing Consultations

We will assist you to understand your obligations under the System Standards and this Agreement, provide you with other continuing consultation, and may provide you with new proprietary methods and procedures relating to approved items or services, or to operation of the Unit, all on the terms as we deem appropriate. To the extent possible, this consultation will be provided during inspections and audits, through the System Standards, at training sessions (if any), and during franchisee conferences (if any). If you request additional operating assistance or services, we may require that you pay our then-current per diem fee and the expenses we incur in providing additional assistance to you.

7.13 Conferences

We may sponsor periodic conferences for our franchisees, at which seminars, workshops and other training may be conducted. We may require you or your Manager to attend each conference and we may charge you for these programs. We may charge you, in the same manner as the Royalty Fee, a fee to cover our expenses. Franchisee shall pay Franchisor, in the same manner that Franchisee pays Royalties, a convention fee for each year that an annual convention is held ("**Convention Fee**") for purposes of defraying Franchisee's cost of attending such annual conferences regardless of whether or not Franchisee attends the annual convention. If Franchisee fails to attend an annual conference for any reason, Franchisor shall be entitled to use the Convention Fee paid by Franchisee for any purpose in Franchisor's sole discretion. Once paid, the Convention Fee is non-refundable for any reason.

7.14 Marketing Programs

We will implement one or more Marketing Programs, and we (or our designee or affiliate) will administer the Marketing Programs. We will determine in our sole discretion the nature and type of program, the nature and type of media placement, the allocation (if any) among national, regional and local markets, the nature and type of advertising copy and other marketing materials, and all other aspects of the Marketing Programs. We do not promise that you will benefit directly or proportionately from any Marketing Programs. On occasion, we may make available to you, local advertising materials and programs, at your cost. We will use the marketing fees we collect from franchisees to pay for the Marketing Programs and to reimburse our reasonable direct and indirect costs, overhead and other expenses (and those of our designee or affiliates) of providing services and materials relating to the Marketing Programs. We and our affiliates are not obligated to contribute money to the Marketing Programs or otherwise supplement the marketing fees; however, Units owned and operated by us or our affiliates may voluntarily contribute to the Marketing Programs on the same basis as our franchisees. We have the right to terminate any Marketing Program, at our discretion. However, any termination of all Marketing Programs will not be effective until all marketing fees we have collected for the Marketing Program have been expended. If we terminate any Marketing Program, we may reinstate such Marketing Program at any time and such reinstated Marketing Program shall be administered as described herein.

7.15 Marketing Fund

We have established an advertising and marketing fund for Teriyaki Madness Franchises (“**Marketing Fund**”) You must contribute to the Marketing Fund 1% of your Gross Revenues Your Marketing Fund contribution will be due at the same time and in the same manner as the Royalty Fee Teriyaki Madness Franchises owned by us or our affiliates are not obligated to contribute to the Marketing Fund but may do so on a voluntary basis. The Marketing Fund may allocate resources to advertise locally, regionally, and/or nationally, in printed materials, on radio, on television, and/or on the Internet, in our sole discretion We may at any time defer or reduce a Franchisee’s Marketing Fund contributions and, upon thirty (30) days’ prior written notice to you, reduce or suspend Marketing Fund contributions and operations for one or more periods of any length and terminate and/or reinstate the Marketing Fund If we terminate the Marketing Fund, we will distribute all unused contributions to contributing Franchisee’s, and to us or our affiliates, in proportion to respective contributions during the preceding twenty-four (24) month period

7.16 Internet Site

We or an affiliate will sponsor and maintain the official Teriyaki Madness® website on the Internet So long as you are not in default under this Agreement, we will cause your Unit to be listed on this official website and/or provide you with a web page specific to your Unit on this website.

7.17 Additional Items, Services and Suppliers

If you desire to offer additional items or services that we have not approved, or desire to purchase approved items and services from any supplier who we have not approved, we will consider any written request by you for approval of additional items, services or suppliers (although we are not obligated to approve any) We will notify you of our approval or disapproval of any new item, service or supplier requested by you within a reasonable time (usually within 90 days) after we have received all of the relevant information we requested We may withhold approval of any item, service or supplier, as we determine in our discretion. We can revoke approval of an approved supplier at any time in our sole discretion, and we will notify you of any revocation of supplier approval.

7.18 Intranet System

We or our affiliate may establish an intranet system to assist you with your Franchised Business. If an intranet system like this is established, we or our affiliate will administer and maintain it, and we will provide you and/or your Manager with access to this system. Subject to the System Standards, we will continue to allow you and/or your Manager to access our intranet system during the term of this Agreement, so long as you are not in default under this Agreement We may require you to use the intranet system for communications, reports, and other functions, and you will comply with our requirements

8. PAYMENTS AND REPORTS

8.01 Initial Franchise Fee

When you sign this Agreement, you will pay us the initial franchise fee stated on Attachment B This initial franchise fee is in consideration of the administrative and other expenses we incurred in entering into this Agreement, and for our lost or deferred opportunity to enter into a similar arrangement with others The initial franchise fee is non-refundable, and is fully earned when we sign this Agreement Some states have imposed a fee deferral Please refer to the Addendum in Exhibit G to the FDD

8.02 Real Estate Fee

In addition to the Initial Franchise Fee paid to us, you must pay our affiliate, Teriyaki Madness, Inc, a "Real Estate Fee" of \$10,000 for the first Teriyaki Madness Franchise that you purchase and \$5,000 for each additional Teriyaki Madness Franchise that you purchase. This fee offsets our costs in supporting your efforts to find and develop a permanent site. You will pay the Real Estate Fee at the same time as the Initial Franchise Fee. The real estate fee is non-refundable, and is fully earned when we sign this Agreement.

8.03 Royalty Fee

During the term of this Agreement, and for as long as you are using the System or Marks, you will pay us a continuing Royalty Fee equal to 6% of all revenues you receive from the sale of any items and services, and all other income of every kind and nature related to the Franchised Business or Unit operations, whether for cash or credit, and regardless of collection in the case of credit, but not including (a) any sales taxes or other taxes you collect for transmittal to the appropriate taxing authority, or (b) any bona fide refunds you make to customers (collectively, "Gross Revenues")

8.04 Marketing Fee

During the term of this Agreement, you will also pay us a continuing Marketing Fee equal to 1% of your Gross Revenues.

8.05 Place and Method of Payment

You will pay us, without billing or demand, all Royalty Fees and Marketing Fees required by this Agreement by Tuesday of each week for the preceding business week (Monday through Sunday). All fees and other payments due to us under this Agreement will be made to us at our headquarters in Greenwood Village, Colorado or as we otherwise specify in writing. We have the right to require you to transmit fees and other payments to us by means of electronic fund transfers, sweep accounts, Internet payment methods, or other methods in accordance with procedures that we may establish in the Manual or otherwise specify in writing. If we require special means of payment, you will establish any required accounts and sign all documents reasonably required, and will otherwise cooperate with us, to effectuate these means (See Exhibit I of the Franchise Disclosure Document). If any payment is made to us by credit card for any fee required, we may charge a service charge of 3% of the total charge.

8.06 Late Fee and NSF Fee

If we do not timely receive any fee or any other amount due to us under this Agreement on or before the applicable due date, you will pay us a late fee equal to one hundred dollars (\$100), plus the lesser of the daily equivalent of 15% per year simple interest or the highest amount allowed under law, on any overdue amount for each day any amount is past due, accruing until the past-due amount is paid in full. This provision does not permit or excuse late payments. If any check, electronic payment or other payment due under this Agreement is not honored for any reason, you will pay us an additional fee of one hundred dollars (\$100) to help offset bank charges and administrative expenses.

8.07 Taxes

If any federal, state, or local tax (other than an income tax) is imposed upon any fees you paid us under this Agreement, then you agree to compensate us in the manner we prescribe so that the net amount or net rate we receive is no less than as established by this Agreement.

8.08 Allocation of Payments

Unless we otherwise agree in writing, all payments you make to us under this Agreement will be applied in the order we may decide in our sole discretion. We will not be bound by any instructions for allocation you specify.

8.09 Right of Offset

We will have the right, at any time before or after termination of this Agreement, without notice to you, to offset any amounts or liabilities that you may owe to us against any amounts or liabilities that we may owe you under this Agreement or any other agreement, loan, transaction or relationship between the parties.

8.10 Books and Records

You will maintain complete and accurate accounting books and records relating to the Franchised Business in accordance with generally-accepted accounting principles and standards, subject to this Agreement and other reasonable accounting standards we may specify periodically.

8.11 Reports

You will prepare written periodic reports, in the forms required by the System Standards, containing the information we require about your operations during each reporting period. You will submit all required weekly reports by Tuesday each week for the preceding business week (Monday through Sunday). You will submit all required monthly reports to us within 15 days after the month to which they relate, and all other reports within the time period required by the System Standards. If you do not submit the monthly reports to us within five days of the request, you will be required to pay a late fee of one hundred dollars (\$100) per occurrence and one hundred dollars (\$100) per week until you submit the required report. These fees will be deposited into the Marketing Fund. You will prepare and submit other reports and information about your operations as we may reasonably request in writing or as required by the System Standards. We may require, at our option, that certain reports you are required to submit be certified as accurate and complete by you, your owners or your chief financial officer, and that certain reports be submitted using the formats and communication media that we specify.

8.12 Financial Statements

You will deliver to us, no later than 60 days from the end of each of your fiscal quarters, a profit and loss statement covering the Franchised Business for the relevant quarter and a balance sheet of the Franchised Business as of the end of that quarter, all of which you must certify as complete and accurate. You must prepare all financial statements in any format we may require. In addition, you must, within 30 days after we request, deliver to us a financial statement, certified as accurate and complete, in a form which is satisfactory to us and which fairly represents your total assets and liabilities.

8.13 Tax Returns

Promptly upon our request, you will furnish us with a copy of each of your reports and returns of sales, use and gross receipt taxes and complete copies of any state or federal income tax returns covering the operation of the Franchised Business.

8.14 Ownership Information

Promptly upon our request, you will furnish to us a list of all holders of legal and beneficial interests in your business entity, together with description and percentage of ownership amount, addresses and telephone numbers, certified in writing as being accurate and complete. If any of your general partners, officers, directors or limited liability company managers cease to serve in that capacity, or if any

individual is elected or appointed as a new general partner, officer, director or limited liability company manager, you will notify us within 10 days after the change. Any of your new owners must sign an Owners Agreement with us.

8.15 Record Retention

You will retain copies of all reports, and originals or copies of all other information, books, records, and other materials relating to operation of the Franchised Business for a period of 5 years following their respective dates, or any longer period required by applicable law.

9. SYSTEM STANDARDS AND MANUAL

9.01 System Standards

The System includes, without limitation: (a) our trade secrets and other intellectual property, including Confidential Information (as defined in Section 11.01), the Manual and know-how, (b) marketing, advertising, publicity, public relations and other promotional materials and programs, (c) System Standards, (d) training programs and materials; and (e) service quality and customer satisfaction standards and programs. You acknowledge and agree that every detail of the System is important to us and all of our franchisees in order to develop and maintain high and uniform operating standards, to increase the demand for the items and services marketed by all franchisees, and to protect our reputation and goodwill. You will maintain the high System Standards with respect to your Unit premises, facilities, furnishings, fixtures, equipment, signs, services, items, and operations. You will strictly comply with all of the mandatory System Standards in the Manual or that we otherwise provide to you in writing.

9.02 Modification of the Manual

We may, in our sole discretion, change, delete from or add to the System, including any of the System Standards, by providing you with written notice thereof, or by modification of the Manual, however, no modification will alter your fundamental rights or status under this Agreement. You will implement all mandatory modifications promptly after written notice from us. If there is a dispute as to the contents or meaning of any part of the Manual, the version we maintain at our principal office will be controlling. The Manual is confidential and will remain our property.

9.03 Ownership of the System

We own all rights, title and interest in and to the System. You will not acquire any proprietary interest in the System. Your right to use the System is a non-exclusive license, derived solely under this Agreement. Unauthorized use of the System by you will constitute a material breach of this Agreement.

9.04 System Improvements

All present and future distinguishing characteristics, improvements and additions to, or associated with, the System by us, you or others, and the associated goodwill will be our property, and will exclusively benefit us. Any concept, process, service, or improvement in the operation or promotion of the Unit you may develop will become our property, and we may use or disclose it to others without any obligation to compensate you for it.

9.05 Variations

You acknowledge that it may not be possible or practical for us to require complete and detailed uniformity under the various types of conditions different franchisees may face, and under changing customer needs and market conditions. Accordingly, we reserve the right to vary standards for any franchisee based upon the particular situation involved, local conditions, existing business practices, or

any other factor that we consider important to the successful operation of the particular franchisee's business. You will have no rights or claims against us for any variation from standard specifications and practices granted to any other franchisee, and you are not entitled to the same or similar variation.

10. MARKS

10.01 Ownership of the Marks

You acknowledge that we or our affiliates own all rights, title and interest in and to the Marks. You will not acquire any proprietary interest in the Marks, and you will not challenge ownership of the Marks or our right to use the Marks. Except as expressly provided in this Agreement, you will not acquire any rights to the Marks. Your right to use the Marks is merely a non-exclusive license, derived solely under this Agreement.

10.02 Registration

We or our affiliates have taken and will take all steps reasonably necessary, in our and their sole opinion, to preserve and protect ownership of, and the validity of, the Marks. You will not apply for governmental registration of the Marks, or contest the registration status of the Marks. You will display the Marks, and give notice of trademark registration and claims in the following manner: "Teriyaki Madness®" (or as otherwise required in the Manual). You will cooperate fully and in good faith with us and our affiliates for the purpose of maintaining registrations and prosecuting applications for the Marks, and otherwise securing and preserving their rights in and to the Marks.

10.03 Use of the Marks

You will not use the Marks unless you have our prior express written consent. Before each intended use of any material of any nature which bears any of the Marks, you will submit to us samples of the materials. We will review samples of all marketing materials and other materials bearing our Marks you submit to us for approval, and we will notify you of our decision. You will use the Marks only as expressly authorized by this Agreement, the Manual or as we otherwise provide in writing. Unauthorized use of the Marks by you will constitute a breach of this Agreement, and an infringement of our rights in and to the Marks. You will take all steps necessary or appropriate to preserve the goodwill and prestige of the Marks. You will use the Marks only in connection with the Franchised Business. You will not use any Mark in your corporate name or legal name, but you may use a Mark in an assumed business or trade name if you first obtain our prior express written consent. You will not use any Mark with any prefix, suffix or other modifying trademarks, logos, words, terms, designs or symbols or in any modified form. You will not use any Mark in connection with any unauthorized item or service, or in any manner not expressly authorized under this Agreement.

10.04 Benefits of Usage

All usage of the Marks and any goodwill associated with the Marks will exclusively benefit us and our affiliates. All present and future service marks, trademarks, copyrights, service mark registration and trademark registration used or to be used as part of the System, and the associated goodwill, will be the property of us or our affiliates, and will inure solely to our and their benefit. Upon the expiration or termination of this Agreement for any reason, no monetary amount will be assigned as attributable to any goodwill associated with your use of the Marks.

10.05 Infringement and Litigation

You will promptly notify us in writing of (a) any adverse or infringing uses of the Marks (or names or symbols confusingly similar), Confidential Information (as defined in Section 11.01) or other System intellectual property, and (b) any threatened or pending litigation related to the Marks or System.

against (or naming as a party) you or us, of which you become aware. We or our affiliates will handle disputes with third parties concerning use of all or any part of the Marks or System in any manner we or they deem appropriate, in our or their sole discretion. You will cooperate fully and in good faith with our or their efforts to resolve these disputes. We or our affiliates may bring suit in your name or join you as a party to the relevant proceedings. We or our affiliates may resolve any dispute by obtaining a license of the property for you at no expense to you, or by requiring that you discontinue using the infringing property or modify use to avoid infringing the rights of others. We need not initiate suit against imitators or infringers who do not, in our sole opinion, have a material adverse impact on the Franchised Business, and we need not initiate any other suit or proceeding to enforce or protect the Marks or System in a matter that we do not believe, in our sole opinion, to be material. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we determine in our sole discretion that you have used the Marks in accordance with this Agreement, we will bear the cost of your defense, including the cost of any judgment or settlement. If we determine in our sole discretion that you have not used the Marks in accordance with this Agreement, you must bear the cost of your defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Marks, you will sign all documents and do all acts as may be necessary in our opinion to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that any litigation results from your use of the Marks in a manner inconsistent with the terms of this Agreement, we will reimburse you for your out-of-pocket litigation costs in cooperating with us in the litigation.

10.06 Substitution of Marks

We reserve the right to substitute different proprietary marks for use in identifying the System, the businesses operating under the System, and/or the items or services offered, if the Marks no longer can be used, or if we, in our discretion, determine that substitution of different proprietary marks will be beneficial to the System. In these circumstances, the use of the substituted proprietary marks will be governed by the terms of this Agreement, and we will not compensate you for the costs of any substitution. You will promptly implement any substitution, at your own expense.

11. CONFIDENTIAL INFORMATION

11.01 Confidential Information

We possess certain non-public trade secrets, proprietary information, technical data, or know-how which relate to our business, System, services or items, or to a Franchised Business, including the Manual, System Standards, quality-control systems, training materials, and information regarding salary, research, recipes, proprietary items and services, developments, inventions, processes, techniques, designs, marketing, finances, and operations (collectively, "**Confidential Information**") that we will provide to you. You will also obtain other Confidential Information during the term of this Agreement. You acknowledge that your entire knowledge of the operation of a Japanese-style teriyaki restaurant, including the method of establishing this type of unit, preparing Japanese-style teriyaki and related items, and marketing this type of unit, and the related specifications, standards, and procedures involved in the operation of a Unit are derived solely from Confidential Information we disclosed (or will disclose) to you.

11.02 Protection of Confidential Information

You will use the Confidential Information only in the operation of the Franchised Business, and you will not disclose Confidential Information to others, except as expressly authorized by this Agreement. You will take all appropriate actions to preserve the confidentiality of all Confidential Information, including keeping the Manual in a locked location. Access to Confidential Information must be limited to only your employees who need the Confidential Information to perform their jobs and who are subject to your general policy on maintaining confidentiality as a condition of employment or who

have first signed our Confidentiality and Non-Competition Agreement. You will not copy or permit copying of Confidential Information. Your obligations under this section begin when you sign this Agreement and continue for trade secrets as long as they remain secret, and, for other Confidential Information, for as long as we continue to use the information in confidence (even if edited or revised) plus 3 years. We will respond promptly and in good faith to any inquiry by you about continued protection of any Confidential Information.

11.03 Disclosure of Confidential Information

Notwithstanding anything to the contrary in this Section 11, you may disclose Confidential Information if you are required by law to disclose it, provided that you give us at least 10 days' notice, if feasible, of your intent to disclose. You may also disclose Confidential Information to your attorneys, accountants, financial and investment advisors, bankers or lending institutions, and other advisors and consultants of a similar nature, provided that any disclosure is only to the extent necessary for your advisors to perform their services for you, and provided that these persons have the obligation to, or otherwise agree, to keep the Confidential Information confidential. At our request, you will require that your officers and other employees sign covenants to maintain the confidentiality of any Confidential Information, and these covenants will be in a form acceptable to us and will identify us as a third-party beneficiary with the independent right to enforce them.

12. INSPECTIONS AND AUDITS

12.01 Inspections and Audits

You hereby grant to us and our employees, representatives and agents the right to enter the Unit during regular business hours. You will permit our employees, representatives and agents access to your offices, Unit premises, storage areas, and other places of business, to perform inspections of your operations (including Unit premises, furnishings, fixtures, equipment, signs, inventory and supplies), files, documents, records, items and Mark usage, and to audit your financial and operating books and records (including tax returns) relating to the Franchised Business, with or without prior notice of the inspection or audit. The inspections and audits will occur during normal business hours, although we may observe your operations and accounting activity at any time. You, and your owners, officers, Managers, employees, agents and representatives will cooperate with our inspectors and auditors in the performance of their duties. You will permit our inspectors and auditors to, among other things, take photographs, movies, videotapes or sound recordings; interview your Managers, employees, agents, and representatives; interview your customers; make copies of your books, records and other documents relating to the Franchised Business, and take samples of food, beverages, ingredients, documents, inventory, supplies, items and other materials from your Unit premises, storage areas, and other facilities used in connection with the Franchised Business.

12.02 Unapproved Items and Services

You acknowledge that the offer or sale of any unapproved items or services at the Unit constitutes a material breach of this Agreement and good cause for termination of this Agreement. You authorize us to cure any default under this Section 12.02 on your behalf by removing and disposing of any unapproved items and unapproved equipment and other materials from the Unit. Any dispute between you and us as to whether any item, service or equipment is approved will be governed by the official lists we maintain at our principal place of business. You hereby grant us all of your right, title and interests in and to any unapproved items and equipment at the Unit, and waive any claims you may have against us arising from the removal and disposal of any unapproved items and unapproved equipment and other materials. You acknowledge that we have the right to physically remove any unapproved items and equipment from the Unit, and to dispose of them in any way we desire, without any compensation to you.

12.03 Other Corrective Action

If we notify you of any deficiencies in the operation of the Unit pursuant to this Agreement which are detected during an inspection or which otherwise become known to us, you will take the steps that we may require to correct all deficiencies within the time period we specify

12.04 Payments

You will pay us any underpayment of, and we will pay to you or credit your account for any overpayment of, royalty fees discovered by an audit.

12.05 Audit and Inspection Costs

You will pay us for the reasonable travel, lodging and meal expenses, and other audit and inspection costs we incur if you or your owners, officers, Managers, employees, agents or representatives fail to fully cooperate with our auditors or inspectors, or if the audit reveals that you paid us less than 98% of the correct amount of fees for any week. You shall also pay any understated amount owed to us with applicable late fees and interest of 1.5% per month on understatement. We may publish or disclose the results of our inspections and audits. Our rights under this Section 12.05 survive for 2 years after expiration or termination of this Agreement, or any Transfer.

13. RELATIONSHIP OF THE PARTIES

13.01 Independence

You are an independent contractor. You are not our legal representative or agent, and you have no power to obligate us for any purpose whatsoever. We and you have a business relationship based entirely on and circumscribed by this Agreement. No partnership, joint venture, agency, fiduciary or employment relationship is intended or created by reason of this Agreement. You will exercise full and complete control over, and have full responsibility for, all of your contracts, daily operations, labor relations, employment practices and policies, including the recruitment, selection, hiring, disciplining, firing, compensation, work rules, and schedules of your employees. At all times, including in connection with all uses of any of the Marks, in connection with the operation of the Franchised Business, and in connection with all dealings with customers, suppliers, public officials, the general public, and others, you will conspicuously indicate your status as an independent contractor, including in all contracts, advertising, publicity, promotional and other marketing materials, and on any signage and uniforms, and in the manner specified in the Manual or as we otherwise may require. You will not make any express or implied agreements, guarantees or representations, or incur any debt in our name or on our behalf. You will not represent that the relationship between you and us is anything other than a franchise relationship. We will not be obligated by or have any liability under any agreements or representations made by you, and we will not be obligated for any damages to any person or property directly or indirectly arising out of your operation of the Franchised Business or the Unit.

13.02 Joint Status

If you comprise 2 or more persons or entities (notwithstanding any agreement, arrangement or understanding between or among these persons or entities), the rights, privileges and benefits of this Agreement may only be exercised and enjoyed jointly. The liabilities and responsibilities under this Agreement will be the joint and several obligations of all these persons or entities.

14. INSURANCE AND INDEMNIFICATION

14.01 Insurance Coverage

Before your Unit first opens for business, you will obtain insurance in the types and amounts specified herein. Your insurance policies must designate us, our directors, officers, employees, agents and other designees as additional named insureds, and your policies must provide that the insurer will not cancel or materially alter the policies without giving us at least 30 days' prior written notice. You will maintain all required insurance in force during the term of this Agreement, and you will obtain and maintain any additional or substituted insurance coverage, limits and amounts as we may periodically require. All insurance coverage will be underwritten by a company acceptable to us, with a Best's Rating of no less than "A+." If you fail to purchase required insurance conforming to our standards, we may obtain insurance for you, and you will pay us the cost of insurance plus a 20% administrative surcharge. Your compliance with these insurance provisions does not relieve you of any liability under any indemnity provisions of this Agreement.

We currently require you to maintain the following insurance coverages: (1) commercial general liability insurance with limits of at least \$2 million per occurrence, at least \$4 million aggregate, and at least \$2 million per person, with \$5,000 per person medical benefits, and a maximum deductible of \$2,500; (2) all risks coverage insurance on all furniture, fixtures, equipment, inventory, supplies and other property used in the operation of the Unit (including flood and/or earthquake coverage where there are known risks) for full replacement value, and (3) workers compensation insurance consistent with applicable law. Our insurance requirements are subject to change during the term of this Agreement, and you agree to comply with each such change.

14.02 Proof of Insurance

Before your Unit first opens for business, you will provide us with a copy of each certificate of all required insurance policies. You will promptly provide us with copies of each certificate for all renewal or replacement insurance policies. Within 10 days after we request, you will provide us with a complete copy of any of your insurance policies we request.

14.03 Your Indemnification of Us

Independent of your obligation to procure and maintain insurance, you will indemnify, defend and hold us and our affiliates, the respective officers, directors, partners, shareholders, employees, agents and contractors of these entities, and the successors, assigns, personal representatives, heirs and legatees of all of these persons or entities (collectively, the "**Indemnities**") harmless, to the fullest extent permitted by law, from and against all expenses, losses, payments or obligations to make payments either (a) to or for third party claimants by any and all Indemnitees, including refunds, or (b) incurred by any and all Indemnitees to investigate, take action, respond to or defend a matter, including investigation and trial charges, costs and expenses, fees, fees paid to professionals, attorney fees, experts' fees, court costs, settlement amounts, judgments and costs of collection (collectively, "**Losses and Expenses**"), incurred by any Indemnitee for any investigation, claim, action, suit, demand, administrative or alternative dispute resolution proceeding, actually or allegedly, directly or indirectly, relating to, arising out of, or resulting from or in connection with, any transaction, occurrence or service involving the Franchised Business, the Unit or this Agreement, your marketing, selling, or providing of items and services, and any breach or violation of any agreement (including this Agreement), or any law, regulation or ruling by, or any act, error or omission (active or passive) of, you, any party associated or affiliated with you or any of the owners, officers, directors, Managers, employees, and agents of you or your affiliates, including when the active or passive negligence of any Indemnitee is alleged or proven.

14.04 Your Indemnification Duties

You will respond promptly to any matter described in Section 14.03, and defend the Indemnitee. You will reimburse the Indemnitee for all costs of defending the matter, including attorney fees, incurred by the Indemnitee if you or your insurer does not assume defense of the Indemnitee promptly when requested. We have the right to approve any resolution or course of action in a matter that could directly or indirectly have any adverse effect on us, the Marks or the System, or could serve as a precedent for other matters.

14.05 Our Indemnification of You

We will indemnify, defend and hold you harmless from and against all investigation and trial charges, costs and expenses, attorney fees, experts' fees, court costs, settlement amounts, judgments and costs of collection incurred by you in any action or claim, actually or allegedly, arising out of or resulting from or in connection with the gross negligence or intentional misconduct of us or any of our employees while acting within the course and scope of their employment.

15. TRANSFERS

15.01 Transfer by Us

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions, (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party, may go public, may engage in a private placement of some or all of our securities, may merge, acquire other corporations, or be acquired by another corporation, may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring, and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of "Teriyaki Madness Franchising LLC" as Franchisor. Nothing contained in this Agreement shall require us to remain in the restaurant business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

15.02 Transfer by You

You acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted these rights in reliance on your business experience, skill, financial resources and personal character (and that of your owners, officers, directors, Managers and guarantors, if any). Accordingly, neither you, nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in you will sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Agreement, or in you, or in all or substantially all of the assets of the Franchised Business (collectively, a "Transfer"), unless we consent and all of the requirements of Section 15.03 and Section 15.04 are satisfied. Any transaction requiring our consent under this Section 15.02 for which our express written consent is not first obtained will be null and void, and shall be a material default of this Agreement. In that event we may terminate this Agreement under Section 16.01, you will remain responsible for performing the post-termination obligations in Section 17; and the purported transferee may not operate the Franchised Business under the Marks or the System.

15.03 Transfer Conditions

We may, to the extent permitted by applicable law, condition and withhold our consent to a Transfer, when required under Section 15.02 until the transferee and you meet certain conditions. If a Transfer is to occur: (a) the proposed transferee must apply for a Teriyaki Madness franchise and must meet all of our then-current standards and requirements for becoming a Teriyaki Madness® franchisee, in our sole discretion, (b) you or the proposed transferee must provide to us in writing the circumstances of the proposed Transfer; (c) the proposed transferee must provide to us the same supporting documents as a new franchise applicant, (d) you or the proposed transferee must pay us a transfer fee of 50% of our then-current initial franchise fee, including a nonrefundable \$1,000 deposit that is due upon the request for approval of a Transfer; (e) the proposed transferee must sign the form of franchise agreement we then offer to prospective franchisees, which agreement will provide for a new initial term of 5 years, and the transferee's owners will sign the form of owners agreement we then require of franchisees' owners; (f) the proposed transferee and its manager must complete to our satisfaction the initial training then required for new franchisees and their managers; (g) you or the proposed transferee must refurbish the Unit to conform to our then-current standards and specifications; (h) we must receive general releases from you and each of your owners, and payment of all amounts then owed to us and our affiliates by you and your owners and affiliates, and the transferee and its owners and affiliates, under this Agreement or otherwise, (i) you must not be in default under this Agreement or any other agreement with us or any of our affiliates, (j) you must give us at least 30 days' prior written notice of any proposed Transfer, and (k) you or the transferee must provide us with any additional information that we may reasonably request. We may withhold consent to the proposed transfer until all of these conditions are completely satisfied.

15.04 Right of First Refusal

Any individual or entity holding any direct or indirect interest in this Agreement or in a substantial portion of the assets of the Unit or in you (if you are an entity) and who desires to accept any bona fide offer from a third party to purchase the relevant interest or assets must notify us in writing of each offer, and must provide the information and documentation relating to the offer as we may require. We have the right and option, exercisable within 30 days after receipt of this written notification, to send written notice to the seller that we or our designee intend to purchase the seller's interest on the same terms and conditions offered by the third party. If we or our designee elect to purchase the seller's interest, closing of the purchase will occur within 60 days from the date of notice to the seller of the election to purchase by us or our designee. If we decline to purchase the seller's interest, the seller will have 90 days from the date it gives written notice to us of its purchase offer to sell its interest on the same terms and conditions and to the same transferee as described to us in the written notice. Any material change thereafter in the terms of the offer from a third party will constitute a new offer which will be subject to our right of first refusal under this Agreement. Our failure to exercise the option afforded by this Section 15.04 will not constitute a waiver of any other provision of this Agreement, including all of the other requirements of Section 15.03 with respect to the proposed Transfer. If the consideration, terms or conditions offered by a third party are of the type that we or our designee may not reasonably be able to furnish the same consideration, terms or conditions, then we or our designee may purchase the relevant 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 or conditions offered by the third party, then each party will select an independent appraiser. The 2 appraisers will then have up to 15 business days to agree on a reasonable equivalent in cash. If they cannot agree during that period, then the reasonable equivalent in cash will be the average of the 2 appraisals.

15.05 Death, Divorce or Incapacity

Upon the death, divorce or incapacity of you (if you are an individual) or in your majority owner of you (if you are an entity), we will have the right to take over your lease and to purchase some or all of

the assets of the Franchised Business under Section 17.11. If we exercise this right, you and your majority owner (in the event of divorce), or the executor, administrator, personal representative, trustee or heirs of such person (in the event of death or incapacity) must fully cooperate with us in an orderly transfer and also pay us a Management Fee of five hundred dollars (\$500) per day plus expenses for as long as we continue to manage the franchise. If we do not elect to exercise this right, you, your majority owner, or the executor, administrator, personal representative, trustee or heirs of such person must transfer the relevant interest to a third party approved by us as soon as practically possible, and in no event more than within 6 months of such after the relevant death, divorce or incapacity. This transfer, including any transfer by devise or inheritance, will be subject to the same conditions as other Transfers under this Agreement. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable or unwilling to meet the conditions in Section 15.03, the executor, administrator, trustee or personal representative of the deceased person will have a reasonable time (but no longer than 6 months) to dispose of the interest in the Franchised Business, which will be subject to all the terms and conditions for Transfers contained in this Agreement. If the interest is not disposed of within 6 months following the relevant death or incapacity, we may terminate this Agreement under Section 16.01.

15.06 No Waiver

Your consent to a Transfer hereunder will not constitute a waiver of any claims we may have against you or the transferring party or our right to demand exact compliance with any provision of this Agreement.

16. DEFAULT AND TERMINATION

16.01 Termination by Us without Right to Cure

You will be deemed to be in material incurable default under this Agreement, and we may terminate this Agreement for good cause effective immediately upon delivery of notice of termination to you, for any of the following grounds: (a) you (or any of your owners) are judged a bankrupt, become insolvent, make an assignment for the benefit of creditors, are unable to pay your debts as they become due, a petition under any bankruptcy law is filed against you, or a receiver or other custodian is appointed for a substantial part of the assets of the Unit, (b) you or any of your owners are convicted of a felony or other crime which substantially impairs the goodwill associated with the Marks, (c) you or your owners made any material misrepresentation or omission in the application for the Franchise, (d) you make an unauthorized Transfer, (e) the interest of a deceased, divorced or incapacitated person is not timely Transferred in accordance with the terms of this Agreement, (f) you intentionally understate the Unit's revenues in any report or financial statement; (g) you commit any 2 or more defaults under this Agreement within any 12-month period, regardless of whether any default is cured, (h) you fail to operate or keep the Franchised Business open for more than 5 consecutive business days without our express written approval, (i) you default under any loan, lending agreement, mortgage, deed of trust or lease with any party covering the Unit's premises, and the other party treats the relevant act or omission as a default, and you fail to timely cure the default; (j) you fail to begin operation of the Unit within 12 months from the Effective Date of this Agreement or your Manager fails to complete our training program to our satisfaction, after giving you the opportunity to designate a successor Manager, (k) you sell, offer for sale, or give away at the Unit any items or services which have not been previously approved by us in writing, or which have been subsequently disapproved, and you fail to cease these sales or gifts within 24 hours after receipt of notice by us, (l) you suffer termination of any other agreement with us or any of our affiliates, or (m) you fail to comply with all applicable laws and ordinances relating to the Franchised Business, including Anti-Terrorism Laws, or if your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation.

16.02 Termination by Us with 10-Day Cure Period

If you fail or refuse to timely pay any amounts owed to us or any of our affiliates, or if you fail to obtain or maintain insurance as required by this Agreement, we may, at our option, terminate this Agreement by giving you 10 days' written notice of default. If you do not cure the default within this 10-day period, we may terminate this Agreement for good cause effective upon delivery of notice of termination to you.

16.03 Other Termination by Us

Except as provided in Sections 16.01 and 16.02, if you are in any other default under the terms of this Agreement, we, at our option, may terminate this Agreement by giving you 30 days' written notice of default. If you do not cure any the default within this 30-day period, we may terminate this Agreement for good cause effective upon delivery of notice of termination to you.

16.04 Additional Remedies

We may deny you the benefits of the System for any default under this Agreement and discontinue System benefits to you for the duration of the default, including, but not limited to, suspension of your access to any intranet we may develop and/or suspension of any listing or web page for your Unit on our website. We may institute proceedings to collect amounts due under this Agreement without first issuing a default or termination notice. Our consent or approval as may be required under this Agreement or the System Standards may be withheld while you are in default under this Agreement or may be conditioned on the cure of all of your defaults. Our termination of this Agreement pursuant to this Section 16 will be in addition to all other remedies, in law or in equity, available to us. Additionally, you must reimburse us for us for any legal or accounting fees that we incur as a result of any breach or termination of the Agreement or that we incur in enforcing the Agreement.

16.05 Governing State Law

If a longer notice or cure period or a different good cause standard is prescribed by applicable law, this law will apply to any termination of this Agreement.

17. POST TERMINATION RIGHTS AND OBLIGATIONS

17.01 Cease Use of System and Marks

Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately cease to be a franchisee of ours and you will cease to operate the Unit under the System or Marks. You will also immediately cease to use, in any manner whatsoever, any methods, procedures, or techniques associated with the System and cease to use the Marks. Unless otherwise approved in writing by us, you will return to us all copies of materials bearing the Marks. You will not, directly or indirectly, represent to the public that the former Franchised Business is or was operated or in any way connected with the System or hold yourself out as a present or former franchisee of ours.

17.02 Payment of Amounts Owed

Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately pay all sums you owe us and our affiliates. Upon termination for any default by you, the sums you owe will include actual and consequential damages, costs, and expenses we incurred as a result of your default.

17.03 Return Manual and Other Materials

Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately return to us the Manual, any training materials, other proprietary information, all trade secrets and confidential materials owned or licensed by us, and all copies thereof. If you fail to return the Manual to us within 5 days after any expiration or termination of this Agreement, you must pay the manual replacement fee specified in Section 7.04.

17.04 Change of Identification

Upon the expiration or termination of this Agreement by any means or for any reason, you will, upon our request, immediately remove or obliterate the Marks from all marketing materials, supplies, signage and other items bearing any Marks. You will follow the other steps we may require in the Manuals or otherwise in writing for changing the identification of your premises and/or operations. You will promptly paint over or remove the distinctive System trade dress, color schemes, signage and other physical features. You will not use any reproduction, counterfeit copy, or colorable imitation of the Marks either in connection with any business or the promotion thereof, which is likely to cause confusion, mistake, or deception or which is likely to dilute our exclusive rights in and to the Marks, and you will not utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us so as to constitute unfair competition. You will make modifications or alterations to the Unit premises immediately upon expiration or termination of this Agreement as may be necessary to prevent any association between us or the System and any business later operated by you or others, and will make specific additional changes thereto as we may reasonably request for that purpose. If you fail or refuse to comply with the requirements of this Section 17.04, we will have the right to enter upon the Unit premises, without liability for trespass or any other tort, to make or cause to be made any changes as may be required at your expense, which expense you agree to pay us upon demand. We will exercise reasonable care in making these changes, but we will have no obligation or liability to restore your premises to its condition before making these changes. We will have the right to remove or obliterate the Mark-bearing portion of your supplies and equipment, and you will promptly pay or reimburse us for our costs of doing so.

17.05 Transfer of Telephone Number and Listings

Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately take whatever action we may require to transfer and assign to us or our designee all telephone numbers, white and yellow page telephone references and related advertisements. You acknowledge that we have the sole rights to and interest in all telephone numbers and directory listings relating to any Mark, and you authorize us to direct the telephone company and all listing agencies to transfer all telephone numbers and directory listings to us or our designee. If you fail or refuse to do so, the telephone company and all listing agencies may accept our direction as evidence of our exclusive rights in the telephone numbers and directory listings and our authority to direct the transfer. You agree to sign any written authorizations or pre-approved authorizations in the form prescribed by us directing the telephone company and any listing agencies to transfer all telephone numbers and directory listing to us or our designee upon the occurrence of any termination or expiration. You appoint us as your attorney-in-fact for this purpose. You acknowledge that this power is coupled with an interest, and is therefore irrevocable. You will use your best efforts to assist us and our designee in an orderly transfer of these matters.

17.06 Cancel Assumed Name

You will take whatever action is necessary to cancel any assumed name or equivalent registration which contains the Marks, and you will furnish us with evidence satisfactory to us of compliance with this obligation within 10 days after termination or expiration of this Agreement.

17.07 Customer Lists

Upon the expiration or termination of this Agreement by any means or for any reason, you must immediately provide to us all customer lists and contact information in your possession or control.

17.08 Assignment of Lease

If we request, you will assign to us your lease for the Approved Location.

17.09 Non-Solicitation and Non-Competition

You will not, directly or indirectly, for a period of 2 years after the expiration or termination of this Agreement or any Transfer

(a) engage in or invest in, own, manage, operate, finance, control, or participate in the ownership, management, operation, financing, or control of, be employed by, associated with, or in any manner connected with, lend your name or any similar name to, or render services or advice to any business that offers or sells Japanese-style teriyaki food items within a 25-mile radius of your Unit's location, or

(b) engage in or invest in, own, manage, operate, finance, control, or participate in the ownership, management, operation, financing, or control of, be employed by, associated with, or in any manner connected with, lend your name or any similar name to, or render services or advice to any business that offers or sells Japanese-style teriyaki food items within a 25-mile radius of any Unit owned or operated by us or any of our affiliates or franchisees; or

(c) solicit or attempt to solicit any customer of the Unit or any customer of ours or any of our affiliates or franchisees, or

(d) solicit, employ, or otherwise engage as an employee, independent contractor, or otherwise, any person who is or was an employee of ours or any of our affiliates or franchisees or in any manner induce or attempt to induce any employee of ours or any of our affiliates or franchisees to terminate his or her employment, or

(e) interfere with the Unit's and/or our relationship with any person, including any person who at any time during the term of this Agreement was an employee, contractor, supplier, or customer

The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 17.09 is held unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant imposing the maximum duty permitted by law that is subsumed within the terms of the covenant, as if the resulting covenant were separately stated in and made a part of this Section 17.09. You further agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to the enforcement by us of the covenants in this Section 17.09. You understand and acknowledge that we will have the right, in our sole discretion, to unilaterally reduce the scope of any covenant set forth in this Section 17.09 or any portion hereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you will comply immediately with any covenant as so modified.

17.10 Other Post-Termination Obligations

Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately and strictly comply with all other provisions of this Agreement pertaining to post-termination obligations.

17.11 Right to Purchase

Upon the expiration or termination of this Agreement by any means or for any reason, we will have the right, but not the obligation, to purchase some or all of the assets of the Franchised Business, including any furnishings, fixtures, equipment, signs, items, inventory, supplies and marketing materials, as well as all items bearing any Mark, at the lesser of your cost or fair market value. Before exercising any rights under this Section 17.11, we will have the right to enter the Unit during reasonable hours to inspect the assets. If we elect to exercise our purchase rights, we will give you written notice of intent to do so within 30 days after termination or expiration of this Agreement. If the parties cannot agree on fair market value within 15 days after we provide notice of intent to purchase, then each party will select an independent appraiser. The 2 appraisers will then have up to 15 business days to agree on a fair market value for the relevant assets. If they cannot agree during that period, then the final fair market value will be determined by averaging the amounts determined by the 2 appraisers. If we elect to exercise our purchase rights, closing will take place within 45 days after we provide notice of intent to purchase, to the extent reasonably possible. We will have the right to offset all amounts you owe to us or our affiliates against any payment due to you under this Section 17.11. This provision will also apply in the event of death, divorce or incapacity under Section 15.05.

17.12 Survival of Certain Provisions

Certain rights and obligations in Sections 8, 11, 12, 14, 17, 18, and 19 survive termination or expiration of this Agreement (regardless of whether termination is wrongful) or a Transfer by you. You will continue to comply with your obligations under these sections following termination or expiration of this Agreement or a Transfer until the obligations, by their nature or by the relevant express provisions, expire.

17.13 Liquidated Damages

Upon termination of this Agreement by us for cause, you agree to pay to us within fifteen (15) days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalty Fees you paid during the twelve (12) months of operation preceding the effective date of termination multiplied by (a) twenty-four (24) (being the number of months in two (2) full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your owners agree that the liquidated damages provision does not

give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section

18. DISPUTE RESOLUTION

18.01 Informal Dispute Resolution

Before initiating any arbitration or litigation proceeding for any dispute arising under or relating to this Agreement, the party intending to initiate the proceeding will notify the other party in writing of the existence and nature of the dispute. Within 15 business days after the other party's receipt of the notice, one of our officers or managers will meet with you or one of your owners, officers or Managers at our principal place of business, or other mutually agreeable location, to negotiate in good faith in an effort to resolve the dispute amicably. If this informal attempt to resolve the dispute is unsuccessful, either party may initiate arbitration as described in Section 18.02.

18.02 Binding Arbitration

Without limiting our rights and remedies under Section 16, the parties hereto acknowledge and agree that any dispute or controversy arising out of or relating to this Agreement not settled by informal negotiations will, at the request of either party, be settled by final and binding arbitration conducted in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association or its successor organization (the "AAA") and otherwise as set forth below on an individual basis (not a class action).

(a) Notice of Arbitration. Either party may initiate the arbitration proceeding by making a written demand to the other party, and both parties will then be obligated to engage in arbitration. The demand for arbitration must be served on the other party within the period provided by the applicable statute of limitations, and must contain a statement setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. A demand for arbitration will not operate to stay, postpone or rescind the effectiveness of any termination of this Agreement. Arbitration will not proceed until any protest of arbitrability is resolved by the arbitrator or by an appropriate court, if necessary.

(b) Selection of Arbitrator. Arbitration will be conducted before a single arbitrator who is familiar with legal disputes of the type at issue and who has at least 10 years' experience as a lawyer or in the franchise business. The parties will mutually agree on the selection of the arbitrator; however, if the parties have not agreed on the selection of an arbitrator within 30 days after the arbitration demand, either party may request the AAA or successor organization, to appoint a qualified arbitrator.

(c) Preliminary Conference. Within 10 days after appointment of the arbitrator, the parties will meet with the arbitrator, in person or by telephone, for a preliminary conference. At the preliminary conference, the parties will establish the extent of and schedule for discovery, including the production of relevant documents, identification of witnesses, depositions, and the stipulation of uncontested facts. At this preliminary conference, the date for the hearing will be set which will not, unless both parties agree, be more than 60 days after the date of the preliminary conference. At the preliminary conference, the arbitrator will set forth the procedures to be followed at the hearing.

(d) Discovery. Should a dispute arise over the extent of or propriety of any discovery request, the arbitrator will make a final determination after hearing each party's position. All discovery must be completed within 45 days after the preliminary conference, unless otherwise agreed by the parties.

(e) Statement of Case. At least 5 days before the scheduled hearing, each party must deliver to the arbitrator and to the other party a written summary of its position on the issues in dispute

(f) Hearing. Unless otherwise mutually agreed by the parties, all arbitration proceedings will be held in the city in which we then have our principal place of business.

(g) Arbitrator's Decision The arbitrator will issue a written decision within 10 days after conclusion of the hearing, explaining the basis for the decision. Judgment upon the decision rendered by the arbitrator may be entered in any court having jurisdiction. This decision will be binding upon both parties. The arbitrator will have authority to assess actual damages sustained by reason of any breach or wrongful termination of this Agreement, but will not have any authority to amend or modify the terms of this Agreement or to assess punitive damages.

(h) Time Schedule The parties will use due diligence to meet the foregoing time schedule, and the arbitrator will have the right to impose appropriate sanctions against any party who fails to comply with the agreed-upon time schedule. The arbitrator will use his best efforts to comply with the foregoing time schedule, but may unilaterally modify it if, in his opinion, modification is necessary for a proper and just resolution of the dispute. The parties may jointly modify the agreed-upon time schedule, subject to the arbitrator's approval

(i) Arbitration Expenses. The fees of, and authorized costs incurred by, the arbitrator will be shared equally by the parties, and each party will bear all of its own costs of arbitration, provided, however, that the arbitration decision will provide that the substantially prevailing party will recover from the other party its actual costs and expenses (including arbitrator's fees and expenses, and attorney fees and expenses) incurred in connection with the dispute

(j) Confidentiality The entire arbitration proceedings and related documents are confidential. Except as necessary to enforce the decision of the arbitrator hereunder, all conduct, statements, promises, offers, views and opinions, whether oral or written, made in the course of the arbitration by any of the parties, their agents, employees or representatives and by the arbitrator, are confidential. These matters will not be discoverable or admissible for any purposes, including impeachment, in any litigation or other proceeding involving the parties, and will not be disclosed to anyone who is not an agent, employee, expert witness, or representative for any of the parties, however, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the arbitration

18.03 Provisional Remedies

Despite the provisions of Sections 18 01 or 18 02, each party will have the right to seek from an appropriate court any provisional remedies, including declaratory relief, specific enforcement, temporary restraining orders or preliminary injunctions, before, during or after informal dispute resolution or arbitration. Neither party is required to await the outcome of any informal dispute resolution or arbitration before seeking provisional remedies. The seeking of provisional remedies will not be deemed to be a waiver of either party's right to compel informal dispute resolution or arbitration. You acknowledge that any failure to fully and strictly comply with Section 17 will result in irreparable injury to us for which there is no adequate remedy at law, and you agree that, in the event of any noncompliance with any of Section 17, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. An action seeking provisional remedies will be brought in any state or federal court within the jurisdiction in which we then have our principal place of business, or in any other state court or federal district court with proper jurisdiction. The parties consent to the exercise of personal jurisdiction over them by these courts, and to

the propriety of venue in these courts for the purpose of this Section 18.03, and the parties waive any objections that they would otherwise have in this regard

18.04 Costs of Enforcement

If we secure any provisional remedy pursuant to Section 18.03 of this Agreement, or if any provision of this Agreement is otherwise enforced at any time by us, or if any amounts due from you to us are collected by or through an attorney at law or collection agency, you will be liable to us for all costs and expenses of enforcement and collection including, but not limited to, court costs and reasonable attorney fees and expenses incurred by us (including the fair market value of any time expended by in-house legal counsel)

18.05 Jurisdiction

The parties hereto agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, the parties consent to the exclusive jurisdiction of the United States District Court for the District of Colorado –the District Court of Colorado, Arapahoe County or the federal or state court for the jurisdiction in which we then have our principal place of business for any litigation relating to this Agreement or the operation of the Franchised Business hereunder; provided that we have the option to bring suit against any you in any state or federal court within the jurisdiction where your Unit is or was located or where any of your owners lives. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Agreement, and the parties waive any objections that they would otherwise have in this regard. Each of the parties specifically waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other party with respect thereto. **THE PARTIES WAIVE ANY RIGHT TO JURY TRIAL THAT THEY MAY HAVE IN ANY ACTION ARISING OUT OF OR UNDER THIS AGREEMENT. IT IS THE INTENT OF THE PARTIES THAT ANY LITIGATION BETWEEN THEM WILL BE OF INDIVIDUAL CLAIMS, AND THAT THE CLAIMS SUBJECT TO LITIGATION WILL NOT BE LITIGATED AS A CLASS ACTION.**

19. GENERAL PROVISIONS

19.01 Partial Invalidity

If all or any part of a provision of this Agreement violates applicable law, the affected provision or part will not be given effect. If all or any part of a provision of this Agreement is declared invalid or unenforceable, for any reason, or is not given effect by reason of the prior sentence, the remainder of the Agreement will not be affected, and the parties will modify the invalid or unenforceable provision to the extent required to be valid and enforceable. However, if in our judgment this result substantially impairs the value of this Agreement to us, then we may at any time terminate this Agreement by written notice to you, without penalty or compensation owed by either party.

19.02 Waivers, Modifications and Approvals

Whenever this Agreement requires our prior approval or consent, you will make a timely written request to us therefor, and we may withhold, condition or withdraw our consent in our sole discretion. No failure of ours to exercise any power reserved to us by this Agreement and no custom or practice of the parties at variance with the terms hereof will constitute a waiver of our right to demand exact compliance with any of the terms herein. A waiver or approval by us of any particular default by you or any other franchisee or acceptance by us of any payments due hereunder will not be considered a waiver or approval by us of any preceding or subsequent breach by you of any term, covenant, or condition of this Agreement. We will not be deemed to have waived any of our rights under this Agreement, nor will you

be deemed to have been excused from performance of any of your obligations pursuant to this Agreement, unless the waiver or excuse is written and signed by an authorized representative of us and you. To be effective, any modifications, waivers, approvals and consents of, or under, this Agreement by us must be designated as such, in writing, and signed by our authorized representative. Notwithstanding anything to the contrary herein, you acknowledge and agree that Sections 2.02(c) and 17.09 of this Agreement permit us to unilaterally modify this Agreement.

19.03 Notices

Any notice, reports, and other information and documents permitted or required to be delivered under Agreement will be in writing, and will be delivered to us at 5445 DTC Parkway, Suite 1050, Greenwood Village, Colorado 80111, or to you at the address of the Approved Location or the address listed on the signature page hereof. Either party may modify its address periodically by written notice to the other party. Notices will be effective if in writing and delivered to the appropriate party by delivery service, with proof of delivery, or by first class, prepaid certified or registered mail, return receipt requested. Notices will be deemed given on the date delivered or on the date of the first attempted delivery, if delivery is refused or unclaimed.

19.04 Governing Law

This Agreement takes effect upon its acceptance by us in the State of Colorado, and will be governed by and interpreted in accordance with Colorado law applicable to contracts made and to be wholly performed therein without regard to its conflicts of law rules; provided, however, that this provision is not intended to subject this Agreement to any franchise or similar law, rule or regulation of the State of Colorado to which it would not otherwise be subject.

19.05 Counterparts

This Agreement may be signed in any number of counterparts, each of which when signed and delivered will be deemed an original, but all counterparts together will constitute one and the same instrument.

19.06 Construction

No provision of this Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Agreement, or because of the nature or type of this Agreement. The headings and captions contained herein are for the purpose of convenience and reference only, and are not to be construed as part of this Agreement. All terms and words used herein will be construed to include the number and gender as the context of this Agreement may require. The parties agree that each section of this Agreement will be construed independently of any other section or provision of this Agreement. All references in this Agreement to Sections or Attachments refer to the relevant sections and attachments, respectively, of this Agreement. This Agreement, together with the exhibits and any addenda attached, is the entire agreement, and supersedes all prior representations, agreements and understandings (oral or written) of the parties, provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Franchise Disclosure Document that was furnished to you by us. Except for the Indemnitees, or as otherwise expressly provided in this Agreement, there are no third party beneficiaries hereunder. No agreement between us and any third party else is for your benefit. Except as expressly provided in this Agreement, this Agreement is binding on and will inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns. Time is of the essence.

19.07 Force Majeure

Notwithstanding anything contained in this Agreement to the contrary, neither party will be in default hereunder by reason of its delay in performance of, or failure to perform, any of its obligations hereunder, if this delay or failure is caused by strikes or other labor disturbance, acts of God, or the public enemy, riots or other civil disturbances, fire, or flood, interference by civil or military authorities, compliance with governmental laws, rules, or regulations which were not in effect and could not be reasonably anticipated as of the date of this Agreement, delays in transportation, failure of delivery by suppliers, or inability to secure necessary governmental priorities for materials, or, any other fault beyond its control or without its fault or negligence. In this case, the time required for performance of the relevant obligation will be the duration of the unavoidable delay. "Force majeure" shall specifically exclude your lack of available financing.

19.08 State Addendum

The laws of certain states may supersede some of the provisions of this Agreement, and certain states require us to supplement or modify the provisions of this Agreement. If applicable, these supplements and modifications are contained in the addendum to the Franchise Disclosure Document as Exhibit G. When you sign this Agreement, you will also properly sign the addenda, if applicable. The multi-state addendum will be construed and applied as narrowly as possible, consistent with applicable state law, in order to avoid potential conflicts between state laws.

19.09 Operation in the Event of Absence or Disability; Step-In Rights

(a) In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

(b) If we determine in our sole judgment that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your business for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your business, or we determine that operational problems require that we operate your business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the business as a going concern.

(c) We shall keep in a separate account all monies generated by the operation of your business, less the expenses of the business, including reasonable compensation and expenses for our representatives. In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorney fees and costs incurred as a consequence of our exercise of the Step-In

Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination

20. SECURITY INTEREST

20.01 Collateral

You grant to us a security interest (“**Security Interest**”) in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Franchised Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchised Business. All items in which a security interest is granted are referred to as the “**Collateral**”

20.02 Indebtedness Secured

The Security Interest is to secure payment of the following (the “**Indebtedness**”)

- (a) All amounts due under this Agreement or otherwise by you,
- (b) All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;
- (c) All expenses, including reasonable attorney fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement, and
- (d) All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Franchised Business, including, but not limited to, a real property mortgage and equipment leases

20.03 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

20.04 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

20.05 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under,

and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Colorado (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

20.06 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction

21. ACKNOWLEDGMENTS

21.01. Accurate Information

You represent that all information set forth in any and all applications, financial statements and submissions to us is true, complete and accurate in all respects You acknowledge that we are relying upon the truthfulness, completeness and accuracy of this information in our decision to enter into this Agreement with you

Your initials. _____

21.02 Proper Disclosure

You acknowledge that we or our agent have provided you with our current Franchise Disclosure Document not later than the earlier of the first personal meeting held to discuss the sale of the Franchise, or 14 calendar days before you sign this Agreement, or 14 calendar days before you make any payment of any consideration in connection with this transaction

Your initials: _____

21.03 Consultation and Understanding

You represent and acknowledge that: (a) you have read and understood this Agreement and our Franchise Disclosure Document; (b) we have fully and adequately explained the provisions of each to your satisfaction, (c) we have advised you to consult with your own attorneys, accountants, or other advisers about the potential benefits and risks of entering into this Agreement; (d) you have had ample opportunity to consult with advisors of your own choosing, and (e) our attorneys have not advised or represented you with respect to this Agreement or the relationship created hereby

Your initials _____

21.04 Independent Investigation of Risks

You represent that you have conducted an independent investigation of the business contemplated by this Agreement, and you acknowledge that, like any other business, an investment in the Franchised Business involves unavoidable business risks You acknowledge that the success of the Franchised Business is primarily dependent upon the business abilities and efforts of you and your Manager and employees

Your initials: _____

21.05 No Warranty or Guarantee

You acknowledge that you have not received or relied upon any warranty or guarantee, express or implied, as to the potential revenues, income, profits, volume or success of the business venture contemplated by this Agreement. You acknowledge that you have read this Agreement and our Franchise Disclosure Document, and that you have no knowledge of any representation by us or any of our officers, directors, shareholders, employees or agents that are contrary to the statements made in our Franchise Disclosure Document or contrary to the terms hereof. We expressly disclaim the making of any warranty, guarantee or representations of this type

Your initials: _____

21.06 Reasonable Covenants

The covenants not to compete in this agreement are fair and reasonable, and will not impose any undue hardship on you or your owners, since you and your owners have other considerable skills, experience and education which afford you and your owners the opportunity to derive income from other endeavors

Your initials. _____

21.07 No Other Agreements

You acknowledge that this Agreement, the documents referred to herein, the attachments hereto, and other agreements signed concurrently with this Agreement, if any, constitute the entire, full and complete Agreement between us and you concerning the subject matter hereof. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter, and any oral or written representations which are inconsistent with the terms of this Agreement or our Franchise Disclosure Document.

Your initials _____

21.08 No Business Opportunity Representations

You acknowledge that neither we nor any of our officers, directors, shareholders, employees or agents have made any representation that: (a) we may purchase any or all products made, produced, fabricated or modified by you, (b) we guarantee that you will derive income from the Franchised Business which will exceed the initial franchise fee, (c) we guarantee that we will refund all or part of the initial franchise fee if you are not satisfied with the Franchise; or (d) we will provide a sales program or marketing program which will enable you to derive income from the Franchised Business which exceeds the initial franchise fee.

Your initials _____

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly signed this Agreement as of the Effective Date

FRANCHISEE:

Entity name (if any) _____

By _____

Printed Name _____

Title _____

By _____

Printed Name: _____

Title _____

Franchisee's Address for Notices

Date Signed _____

FRANCHISOR:

Teriyaki Madness Franchising LLC

By _____

Name _____

Title _____

Effective Date _____

ATTACHMENT A TO THE FRANCHISE AGREEMENT

APPROVED LOCATION AND PROTECTED TERRITORY

1 If a particular site for the Unit has been selected and approved at the time of the signing this Agreement, it shall be entered on Attachment A-1 as the Approved Location and the Approved Location shall have the Protected Territory listed in Attachment A-1. If a particular site has not been selected and approved at the time of the signing this Agreement, Section 3 of this Attachment will describe the location in general terms below in the "**General Description.**" The General Description does not confer any territory rights to you and is only used for a reference We may sell other franchised locations in the area in the General Description

2 After we have approved a location for your Unit, we shall complete the Approved Location and the Protected Territory in Attachment A-1. As the Protected Territory is dependent on the location of the Unit, we will present you with the Protected Territory upon the identification of the site for the Unit If you do not wish to accept the Protected Territory, you may choose another site location and we will present you with another Protected Territory based on the site selected.

3 General Description of Area For Approved Location:
(if the Approved Location is not specified above as of the signing of the Agreement)

FRANCHISEE:
Entity name (if any)

FRANCHISOR:
Teriyaki Madness Franchising LLC

By _____
Print Name _____
Title _____

By _____
Print Name _____
Title _____

ATTACHMENT A-1 TO THE FRANCHISE AGREEMENT

You have received approval for site location for the Unit that satisfies the demographics and location requirements minimally necessary a Unit and that meets our minimum current standards and specifications for the build out, interior design, layout, floor plan, signs, designs, color and décor of a Unit. You and we have mutually agreed upon a Protected Territory based on the site for the Unit which is indicated below. You acknowledge that the Protected Territory is in conformance with the territory guidelines stated in Item 12 of the Franchise Disclosure Document.

Approved Location for Unit:

The Approved Location for your Unit as provided in Section 2.02(c) of the Agreement is

Protected Territory

The Protected Territory as provided in Section 2.03 of the Agreement is:

FRANCHISEE:

Entity name (if any)

By _____

Print Name _____

Title _____

Date _____

FRANCHISOR:

Teriyaki Madness Franchising LLC

By _____

Print Name _____

Title _____

Date _____

ATTACHMENT B TO THE FRANCHISE AGREEMENT

1. **Initial Franchise Fee.** The initial franchise fee is. _____
2. **Single Unit Franchise.** If Franchisee has purchased only one Unit franchise, Franchisee will be required to open the Unit franchise in accordance with the provisions of the Franchise Agreement
3. **Multiple Unit Franchises.** If Franchisee has purchased multiple Unit franchises, Franchisee acknowledges that

1. You have purchased the Franchise to which the Agreement corresponds as one of a group of _____ (_____) Teriyaki Madness Franchise franchises,

2. The Franchise to which this Agreement corresponds constitutes Franchise number _____ (_____) of the group of Franchises mentioned above

3. You must open each Teriyaki Madness Franchise mentioned above within a certain time period specified by us, the length of which depends upon the number of Teriyaki Madness Franchises you have purchased and the number of these Teriyaki Madness Franchises that you have developed and opened for business before developing and opening the Teriyaki Madness Franchise to which the Agreement corresponds. You shall open your first Teriyaki Madness Franchise within twelve (12) months after signing its corresponding Franchise Agreement. If you purchase multiple Teriyaki Madness Franchises, you shall open the second Teriyaki Madness Franchise within nine (9) months of opening the first Teriyaki Madness Franchise, and the third and each additional Teriyaki Madness Franchise within nine (9) months of opening the previous Teriyaki Madness Franchise to be opened

FRANCHISEE:
Entity name (if any).

By _____
Print Name _____
Title _____
Date _____

FRANCHISOR:
TERIYAKI MADNESS FRANCHISING, LLC

By _____
Print Name _____
Title _____
Date _____

ATTACHMENT C TO THE FRANCHISE AGREEMENT

Franchisee: _____

**Form of Ownership
(Check One)**

___ **Individual** ___ **Partnership** ___ **Corporation** ___ **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member

Management (managers, officers, board of directors, etc)

Name	Title

Members, Stockholders, Partners

Name	Address	Percentage Owned

Identification of Managing Owner. Your Managing Owner as of the Effective Date is _____
_____ You may not change the Managing Owner
without prior written approval

Identification of Designated Manager. Your Designated Manager, if applicable, as of the Effective
Date is _____ You may not change
the Designated Manager without prior written approval

ATTACHMENT D TO THE FRANCHISE AGREEMENT

OWNER'S GUARANTY AND ASSUMPTION OF OBLIGATIONS

As an inducement to Teriyaki Madness Franchising, LLC ("**Franchisor**") to execute the Franchise Agreement ("**Agreement**") between _____ ("**Franchisee**") and Franchisor, dated _____, 201__, the undersigned, together with all persons and entities who may become guarantors (collectively the "**Guarantors**"), jointly and severally, unconditionally guarantee that Franchisee will fully, promptly and faithfully perform and discharge all of its obligations, covenants, duties and conditions under the Agreement, and under any and all instruments, documents or other evidence of indebtedness, amending or issued in connection with or pursuant to the Agreement and all related obligations (collectively the "**Obligations**") The Guarantors and each of them hereby promise to pay on demand any and all indebtedness of Franchisee and perform each Obligation required of Franchisee

The Guarantors jointly and severally hereby indemnify and hold Franchisor harmless from and against any and all damage it may suffer as a result of: (1) any breach of any representations or warranties made by Franchisee pursuant to the Obligations, and (2) any failure to perform or any event of default by Franchisee with respect to any of its obligations, covenants, duties and conditions pursuant to the Obligations

The obligations of Guarantors hereunder are independent of the obligations of Franchisee under the Obligations. A separate action or actions may be brought and prosecuted directly against any one or more of the Guarantors, whether or not an action is brought first or at all against Franchisee or any other Guarantor, and whether or not Franchisee or any other Guarantor is joined in any such action or actions, and with or without any exercise of any other remedy Franchisor may have pursuant to the Obligations

Guarantors each authorize Franchisor, without notice or demand and without affecting any Guarantor's liability hereunder, from time to time to (1) renew, compromise, settle, adjust, extend, accelerate or otherwise change the time for payment of or otherwise alter the terms of the Agreement, the obligations or the indebtedness of Franchisee pursuant to the Obligations, (2) take and hold security for the performance of this Guaranty or the Obligations guaranteed, and exchange, enforce, waive and release any security held, (3) apply any security and direct the order or manner of sale thereof as Franchisor in its discretion may determine, (4) release or substitute one or more of the Guarantors, and (5) assign this Guaranty in whole or in part

Guarantors each waive any right to require Franchisor to: proceed against Franchisee or any other Guarantors, proceed against, protect, preserve or exhaust any security from Franchisee, or pursue any other remedy in the power of Franchisor Guarantors each waive any and all rights accorded to them under the suretyship provisions of applicable state law, and waive all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor and notices of acceptance of this Guaranty and of the existence, creation, modification of terms, or incurring of new or additional indebtedness of Franchisee to Franchisor

Guarantors each agree to pay all reasonable attorney fees and other costs and expenses which may be incurred by Franchisor in connection with the enforcement of the Obligations or this Guaranty

The provisions of the Agreement providing that Colorado law shall govern, and requiring arbitration and litigation in Denver County, Colorado, shall also apply to this Guaranty and each Guarantor.

GUARANTOR:

GUARANTOR'S SPOUSE
The undersigned spouse of Guarantor hereby consents to, and agrees to be bound by, the foregoing Guaranty

(Signature)

(Spouse's Signature)

(Print Name)

(Print Name)

(Date)

(Date)

TERIYAKI MADNESS FRANCHISING, LLC

EXHIBIT D

MULTI-UNIT OPERATOR AGREEMENT

Multi-Unit Operator: _____

Date: _____

Territory _____

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ATTACHMENTS:

Attachment A	Description of Development Territory
Attachment B	Development Schedule
Attachment C	Statement of Shareholders/Members/Partners

**TERIYAKI MADNESS FRANCHISING, LLC
MULTI-UNIT OPERATOR AGREEMENT**

THIS MULTI-UNIT OPERATOR AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 201__, ("Effective Date") by and between Teriyaki Madness Franchising, LLC, a Colorado limited liability company ("Franchisor"), with a business address at 5445 DTC Parkway, Suite 1050, Greenwood Village, Colorado 80111 and _____, with its business address at _____ ("Multi-Unit Operator")

WITNESSETH:

WHEREAS, Franchisor holds the exclusive franchise rights relating to the establishment, development and operation of a fast casual restaurant that makes Japanese-style teriyaki dishes and other specialty food items, beverage items and other items ("Teriyaki Madness Franchise"),

WHEREAS, In addition to this Multi-Unit Operator Agreement, Franchisor and Multi-Unit Operator have entered into a Franchise Agreement (the "Initial Franchise Agreement") for the right to establish and operate a single Teriyaki Madness franchised business (the "Initial Business"), and

WHEREAS, Multi-Unit Operator desires to purchase an option to establish and operate Teriyaki Madness Franchises within the territory described in Attachment A ("Development Territory"), under the development schedule described in Attachment B ("Development Schedule") and pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows.

1 **GRANT**

1.1 Franchisor hereby grants to Multi-Unit Operator the right to establish and operate the number of Teriyaki Madness Franchises indicated in Section 1 of Attachment B within the Development Territory described in Attachment A. Each Teriyaki Madness Franchise shall be operated according to the terms of the individual franchise agreement ("Franchise Agreement")

1.2 If the Multi-Unit Operator is developing Teriyaki Madness Franchises, and complies with the terms of this Agreement, the Development Schedule, and the individual Franchise Agreement for each Teriyaki Madness Franchise, then Franchisor will not franchise or license others, nor will it itself directly or indirectly develop, own, lease, construct or operate in any manner, any Teriyaki Madness Franchises in the Development Territory during the term of this Agreement. Franchisor reserves all other rights, including the right to otherwise act in the manner permitted in any Franchise Agreement. Upon the expiration or termination of this Agreement, the Multi-Unit Operator will no longer have any rights to the Development Territory other than the territory granted with each Teriyaki Madness Franchise pursuant to the terms of each Franchise Agreement. The rights granted under this Section 1.2 shall automatically terminate on Multi-Unit Operator's failure to adhere to the Development Schedule.

1.3 This Agreement is not a franchise agreement and Multi-Unit Operator shall have no right to use in any manner the Teriyaki Madness trademarks or franchise system by virtue hereof. Each Teriyaki Madness Franchise will be governed by the individual Franchise Agreement signed by Franchisor and Multi-Unit Operator, or its affiliate, for each Teriyaki Madness Franchise.

1 4 The Multi-Unit Operator must own at least a fifty-one percent (51%) equity interest in the franchisee for each Teriyaki Madness Franchise developed hereunder. In addition, Multi-Unit Operator shall ensure that a person having at least a ten percent (10%) beneficial equity interest in such franchisee ("Designated Business Manager") shall at all times devote his or her full time and attention to managing, supervising, and developing each Teriyaki Madness Franchise and that the person is at all times identified to Franchisor. Multi-Unit Operator shall identify all equity owners of Multi-Unit Operator by completing the Statement of Shareholders/Members/Partners attached to this Agreement as Attachment C. Multi-Unit Operator shall provide Franchisor with an updated form of Attachment D within 10 business days of any change in the equity ownership of Multi-Unit Operator. The failure of Multi-Unit Operator to provide Franchisor with an updated Attachment C within the time frame specified in this Section 1 4 shall constitute a material default of this Agreement.

2 TERM

Unless sooner terminated pursuant to the provisions of Section 7, the term of this Agreement shall expire upon the earlier of (a) the Termination Date listed on Section 2 of Attachment B, or (b) completion of the obligations of the Development Schedule.

3 MULTI-UNIT OPERATOR FEE

Multi-Unit Operator must pay a "Multi-Unit Operator Fee" which is equal to the discounted initial franchise Fee for each Teriyaki Madness Franchise to be developed under this upon execution of this Agreement. The Multi-Unit Operator Fee is set forth in Attachment A. No initial franchise fee will be due upon the execution of each single-unit Franchise Agreement to be developed under this Agreement. All amounts collected shall be deemed fully earned immediately upon receipt and shall be non-refundable, regardless of whether Multi-Unit Operator opens any of the Teriyaki Madness Franchises it is obligated to open in the Development Territory.

4 DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4 1 Multi-Unit Operator shall exercise the development rights granted under this Agreement only by entering into a separate Franchise Agreement with Franchisor for each Teriyaki Madness Franchise for which a development right is granted. The Franchise Agreement to be executed for the first Teriyaki Madness Franchise to be developed by Multi-Unit Operator under this Agreement shall be executed and delivered, concurrently with the execution and delivery of this Agreement and the Multi-Unit Operator Agreement. All subsequent Teriyaki Madness Franchises developed under this Agreement shall be established and operated pursuant to the form of Franchise Agreement then being used by Franchisor for a Teriyaki Madness Franchise. Multi-Unit Operator acknowledges that the then-current form of Franchise Agreement may differ from Initial Franchise Agreement, except that each shall have the same royalty rate as the Initial Franchise Agreement.

4 2 Development Schedule.

(a) Acknowledging that time is of the essence, Multi-Unit Operator agrees to exercise its development rights according to Section 3 1 and according to the Development Schedule set forth on Attachment B, which schedule designates the number of Franchise Agreements that must be executed upon the expiration of each of the designated development periods ("Development Periods") for the operation of Teriyaki Madness Franchises in the Development Territory.

(b) During any Development Period, Multi-Unit Operator may, with Franchisor's prior written consent, develop more than the number of Teriyaki Madness Franchises that Multi-Unit Operator is required to develop during that Development Period by executing multiple Franchise Agreements during a single Development Period. Any Franchise Agreements executed during a Development Period in excess of the minimum number to be executed upon expiration of that Development Period shall be applied to satisfy Multi-Unit Operator's development obligation during the next succeeding Development Period. Multi-Unit Operator shall not execute more than the cumulative total number of Franchise Agreements that Multi-Unit Operator is obligated to execute under this Agreement, as set forth above in the Development Schedule.

(c) Multi-Unit Operator shall open each Teriyaki Madness Franchise in accordance with the terms of the Franchise Agreement and shall execute the Franchise Agreements in accordance with the Development Schedule set forth on Attachment B, unless, subject to Franchisor's approval, Multi-Unit Operator obtains an extension of the Development Period from Franchisor to sign a particular Franchise Agreement. Each extension shall be for an additional 90-day period commencing upon the expiration of the applicable Development Period, including any previous extensions thereof ("Extension Date"). No more than two extensions of any Development Period will be permitted. No extension of any Development Period shall affect the duration of any other Development Period or any of Multi-Unit Operator's other development obligations. If an extension is requested in the final Development Period, the term of this Agreement shall be extended to the Extension Date, and thereafter Multi-Unit Operator shall have no further rights under this Agreement except as provided in Section 2. The provisions of this Section 3.2(d)(i) do not apply to the development of a replacement Teriyaki Madness Franchise under Section 3.2(c). Each extension may be conditioned upon payment of an extension fee ("Extension Fee") of Two Thousand Dollars (\$2,000) per extension.

(d) Failure by Multi-Unit Operator to adhere to the Development Schedule (including any extensions approved by Franchisor) shall result in a loss of the territorial rights granted in Section 1.2 of this Agreement. Failure by Multi-Unit Operator to adhere to the Development Schedule on two or more occasions shall constitute a material event of default under this Agreement.

5 LOCATION OF TERIYAKI MADNESS FRANCHISES

The location of each Teriyaki Madness Franchise shall be selected by the Multi-Unit Operator in accordance with the terms set forth in each Franchise Agreement signed by Multi-Unit Operator, within the Development Territory.

6. FRANCHISE AGREEMENT

Multi-Unit Operator shall not commence construction on, or open any Teriyaki Madness Franchise until, among other things, the individual Franchise Agreement for said Teriyaki Madness Franchise has been signed by both the Multi-Unit Operator and Franchisor.

7 DEFAULT AND TERMINATION

7.1 Multi-Unit Operator shall be in default under this Agreement should Multi-Unit Operator (or its affiliate) (a) fail to comply with the Development Schedule on two or more occasions, (b) fail to perform any of its obligations under this Agreement or any individual Franchise Agreement; (c) cease to be a franchisee of Franchisor in good standing; or (d) fail to comply with the provisions on transfer

contained herein. Upon the default, Franchisor shall have the right, at its option, and in its sole discretion, to do any or all of the following

- (a) terminate this Agreement,
- (b) terminate the territorial exclusivity granted to Multi-Unit Operator,
- (c) reduce the size of the Multi-Unit Operator's Development Territory, or
- (d) permit you to extend the Development Schedule

7.2 This Agreement shall automatically terminate upon the death or permanent disability of Multi-Unit Operator or any Controlling Principal who owns all or a part of the Controlling Interest in Multi-Unit Operator ("Deceased"). "Permanent Disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least 90 consecutive days and from which condition recovery within 90 days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor, upon examination of the person. If the person refuses to submit to an examination, such person shall automatically be deemed Permanently Disabled as of the date of such refusal for the purpose of this Section 7.2. The costs of any examination required by this Section shall be paid by Franchisor. Upon the death or claim of Permanent Disability of Franchisee or any Controlling Principal who owns all or a part of the Controlling Interest in Franchisee, Franchisee or a representative of Franchisee must promptly notify Franchisor of such death or claim of Permanent Disability within 15 days of its occurrence.

7.3 In addition, if any individual Franchise Agreement issued to Multi-Unit Operator or an approved affiliate of Multi-Unit Operator, whether or not issued pursuant to this Agreement, is terminated for any reason, Franchisor shall have the right to terminate this Agreement on immediate written notice to Multi-Unit Operator. Upon termination or expiration of the term of this Agreement, this Agreement shall be of no further effect, and Franchisor shall have the right to itself open, or license others to open, Teriyaki Madness Franchises within the Development Territory. For purposes of this Section 7.3, any Franchise Agreement issued by Franchisor to Multi-Unit Operator or its approved affiliates, or any corporation, partnership or joint venture, or their affiliates, in which Multi-Unit Operator or any stockholder, partner or joint venturer of Multi-Unit Operator, has any direct or indirect ownership or participation interest, shall be deemed a Franchise Agreement issued to Multi-Unit Operator.

8 ASSIGNMENT

8.1 Franchisor shall have the absolute right to transfer or assign all or any part of its rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement and Franchisor shall thereby be released from any and all further liability to Multi-Unit Operator.

8.2 Multi-Unit Operator may not assign this Agreement or any rights to the Development Territory. The provisions of this Section shall not restrict Multi-Unit Operator from transferring an open and operating Teriyaki Madness Franchise in compliance with the assignment provisions contained in such Teriyaki Madness Franchise's Franchise Agreement.

9 FORCE MAJEURE

In the event that Multi-Unit Operator is unable to comply with the Development Schedule due to strike, riot, civil disorder, war, failure to supply, fire, natural catastrophe or other similar events beyond its

control, and upon notice to Franchisor, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed 90 days

10 ENTIRE AGREEMENT

This Agreement constitutes the entire understanding of the parties with respect to the development of the Development Territory, and shall not be modified except by a written agreement signed by the parties hereto. However, nothing in this Agreement or any related agreement is intended to disclaim the Franchisor's representations made in the Franchise Disclosure Document. Where this Agreement and any Franchise Agreement between the parties conflict with respect to the payment terms of initial franchise fees or equity interests held by the franchisee or operating partners and unit managers, the terms of this Agreement shall govern. Under no circumstances do the parties intend that this Agreement be interpreted in a way as to grant Multi-Unit Operator any rights to grant sub-franchises in the Development Territory.

11 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

11.1 It is acknowledged and agreed that Multi-Unit Operator and Franchisor are independent contractors and nothing contained herein shall be construed as constituting Multi-Unit Operator as the agent, partner or legal representative of Franchisor for any purpose whatsoever. Multi-Unit Operator shall enter into contracts for the development of the Development Territory contemplated by this Agreement at its sole risk and expense and shall be solely responsible for the direction, control and management of its agents and employees. Multi-Unit Operator acknowledges that it does not have authority to incur any obligations, responsibilities or liabilities on behalf of Franchisor, or to bind Franchisor by any representations or warranties, and agrees not to hold itself out as having this authority.

11.2 Multi-Unit Operator agrees to protect, defend, indemnify and hold Franchisor harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or indirectly incurred as a result of, arising from, out of, or in connection with Multi-Unit Operator's carrying out its obligations hereunder.

12 SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their heirs, successors, permitted assigns and personal representatives.

13. APPLICABLE LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, which laws shall govern in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*). The parties expressly consent to personal jurisdiction in the State of Colorado and agree that, except as set forth in Section 16, the state and federal court(s) located in Arapahoe County, Colorado will have exclusive jurisdiction for the purposes of carrying out this provision.

14 RECEIPT OF DOCUMENTS

Multi-Unit Operator acknowledges receipt of the Disclosure Document, Multi-Unit Operator Agreement, Franchise Agreement, and other contracts for the Teriyaki Madness Franchise at least 14 calendar days before execution hereof or payment of any monies.

15 NOTICE

Whenever this Agreement requires notice, it shall be in writing and shall be sent by registered or certified mail, return receipt requested, to the other party at the addresses set forth below, unless written notice is given of a change of address.

All notices to Multi-Unit Operator shall be conclusively deemed to have been received by Multi-Unit Operator upon the delivery or attempted delivery of this notice to Multi-Unit Operator's address listed herein, or the changed address.

Notices to Franchisor:

Teriyaki Madness Franchising, LLC
5445 DTC Parkway, Suite 1050
Greenwood Village, Colorado 80111

Notice to Multi-Unit Operator:

16 ARBITRATION

16.1 THE PARTIES AGREE THAT ALL CONTROVERSIES, CLAIMS AND DISPUTES BETWEEN THEM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO, OR ANY OTHER CLAIMS OR CAUSES OF ACTION RELATING TO THE PERFORMANCE OF EITHER PARTY, AND/OR THE PURCHASE OF THE DEVELOPMENT RIGHTS BY MULTI-UNIT OPERATOR SHALL BE FINALLY RESOLVED BY SUBMITTING THIS MATTER TO BINDING ARBITRATION UNDER THE AUSPICES OF, AND USING THE COMMERCIAL ARBITRATION RULES OF, THE AMERICAN ARBITRATION ASSOCIATION AS SUCH RULES ARE IN EFFECT AS OF THE DATE THE DEMAND FOR ARBITRATION IS FILED. EACH PARTY SHALL AGREE ON ONE ARBITRATOR SELECTED FROM A PANEL OF NEUTRAL ARBITRATORS PROVIDED BY THE NATIONAL FRANCHISE MEDIATION PROGRAM OF THE CPR INSTITUTE FOR DISPUTE RESOLUTION (LOCATED IN NEW YORK, NY), OR SUCH OTHER ARBITRATION BODY AS THE PARTIES MUTUALLY AGREE UPON, AND THE ARBITRATOR SHALL BE CHOSEN BY THE STRIKING METHOD. IN ACCORDANCE WITH THE TERMS OF THE FEDERAL ARBITRATION ACT, THE ARBITRATOR SHALL HEAR THE DISPUTE IN THE AMERICAN ARBITRATION ASSOCIATION OFFICES NEAREST TO ARAPAHOE COUNTY, COLORADO. EACH PARTY SHALL BEAR ITS OWN COSTS AND ATTORNEY FEES AND ONE-HALF OF THE ARBITRATOR'S EXPENSES THE ARBITRATOR SHALL HAVE NO AUTHORITY TO AMEND OR MODIFY THE TERMS OF THIS AGREEMENT. EACH PARTY FURTHER AGREES THAT, UNLESS A LIMITATION IS PROHIBITED BY APPLICABLE LAW, THE OTHER PARTY SHALL NOT BE LIABLE FOR PUNITIVE OR EXEMPLARY DAMAGES AND THE ARBITRATOR SHALL HAVE NO AUTHORITY TO AWARD THE SAME. THE DECISION OF THE ARBITRATOR SHALL BE FINAL AND BINDING THE MULTI-UNIT OPERATOR KNOWS, UNDERSTANDS, AND AGREES THAT IT IS THE INTENT OF THE PARTIES THAT ANY ARBITRATION BETWEEN FRANCHISOR AND THE MULTI-UNIT OPERATOR SHALL BE OF THE MULTI-UNIT OPERATOR'S INDIVIDUAL CLAIMS AND THAT THE CLAIMS SUBJECT TO ARBITRATION SHALL NOT BE ARBITRATED IN CONJUNCTION WITH THE CLAIMS OF OTHER MULTI-UNIT OPERATORS OR FRANCHISEES OR ON A CLASS-WIDE BASIS, AND MULTI-UNIT OPERATOR HEREBY WAIVES ANY RIGHT IT MAY ASSERT TO HAVE ITS CLAIMS ARBITRATED IN

CONJUNCTION WITH THE CLAIMS OF OTHER MULTI-UNIT OPERATORS OR FRANCHISEES OR ON A CLASS-WIDE BASIS.

16.2 Notwithstanding any provision contained in this Section 16, Franchisor may, at its sole option, institute an action or actions for temporary or preliminary injunctive relief or seeking any other temporary or permanent equitable relief against the Multi-Unit Operator that may be necessary to protect its trademarks or other rights or property. However, the final right of determination of the ultimate controversy, claim or dispute shall be decided by arbitration as aforesaid and recourse to the courts shall thereafter be limited to seeking an order to enforce an arbitral award. In no event shall the Multi-Unit Operator be entitled to make, the Multi-Unit Operator shall not make, and the Multi-Unit Operator hereby waives, any claim for money damages by way of set-off, counterclaim, defense or otherwise based upon any claim or assertion by the Multi-Unit Operator that Franchisor has unreasonably withheld or unreasonably conditioned or delayed any consent or approval to a proposed act by the Multi-Unit Operator under any of the terms of this Agreement. The Multi-Unit Operator's sole remedy for any claim shall be an action or proceeding to enforce any provisions, for specific performance or declaratory judgment.

17 ACKNOWLEDGEMENTS

17.1 Multi-Unit Operator acknowledges and recognizes that different terms and conditions, including different fee structures, may pertain to different Multi-Unit Operator Agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that Franchisor does not represent that all Multi-Unit Operator Agreements or franchise agreements are or will be identical.

17.2 Multi-Unit Operator acknowledges that it is not, nor is it intended to be, a third party beneficiary of this Agreement or any other agreement to which Franchisor is a party.

17.3 Multi-Unit Operator represents to Franchisor that it has the business acumen, corporate authority, and financial wherewithal to enter into this Agreement and to perform all of its obligations hereunder and furthermore that the execution of this Agreement is not in contravention of any other written or oral obligation of the Multi-Unit Operator.

17.4 Multi-Unit Operator acknowledges and accepts the following:

The success of the Multi-Unit Operator in managing and operating multiple Teriyaki Madness Franchises is speculative and will depend on many factors including, to a large extent, Multi-Unit Operator's independent business ability. Multi-Unit Operator has been given the opportunity and been encouraged to obtain independent advice from legal and other professionals before entering into this agreement. This offering is not a security as that term is defined under applicable Federal and State securities laws. The obligation to train, manage, pay, recruit and supervise employees of the Teriyaki Madness Franchises rests solely with Multi-Unit Operator. Multi-Unit Operator has not relied on any warranty or representation, expressed or implied, as to the potential success or projected income of the business venture contemplated hereby. No representations or promises have been made by Franchisor to induce Multi-Unit Operator to enter into this Agreement except as specifically included herein. Franchisor has not made any representation, warranty or guaranty, express or implied, as to the potential revenues, profits or services of the business venture to multi-unit operator and cannot, except under the terms of this agreement, exercise control over multi-unit operator's business. Multi-Unit Operator acknowledges and agrees that it has no knowledge of any representation made by Franchisor or its representatives of any information that is contrary to the terms contained herein.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement on the day and year first written above

FRANCHISOR:

TERIYAKI MADNESS FRANCHISING, LLC
A Colorado limited liability company

By: _____
Name: _____
Title: _____

MULTI-UNIT OPERATOR:

a(n) _____

By _____
Name _____
Title: _____

ATTACHMENT A

DESCRIPTION OF THE DEVELOPMENT TERRITORY

MULTI-UNIT OPERATOR FEE

1 Number of Teriyaki Madness Franchises _____
(including the Initial Business)

multiplied by \$30,000. _____

Multi-Unit Operator Fee: \$ _____

ATTACHMENT B

DEVELOPMENT SCHEDULE

1 Number of Teriyaki Madness Franchises to be developed under this Agreement (including the Initial Business). _____

2 The termination date of this Agreement shall be the earlier of the date the Development Schedule is complete or _____, 20__

3 Development Schedule

Teriyaki Madness Franchise	Development Period	Franchise Agreement Execution Deadline
1	____ to ____	Date of execution of Multi-Unit Operator Agreement
2	____ to ____	
3	____ to ____	
4	____ to ____	
5	____ to ____	

ATTACHMENT C

**STATEMENT OF SHAREHOLDERS/
MEMBERS/PARTNERS**

The shareholders, members, or partners (collectively the "Shareholders") of the Multi-Unit Operator and their respective shareholdings are as follows

<u>NAME OF SHAREHOLDER</u>	<u>NUMBER AND DESIGNATION OF SHARES</u>	<u>OWNERSHIP PERCENTAGE</u>
-----------------------------------	--	------------------------------------

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know Teriyaki Madness Franchising, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement, and if applicable, a Multi-Unit Operator Agreement, for the operation of a Teriyaki Madness Franchise or Multi-Unit Operator Agreement. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and, if applicable, the Multi-Unit Operator Agreement, and pay your franchise fee unless such fee has been deferred pursuant to state law in which case you will complete this when you sign the Franchise Agreement and Multi-Unit Operator Agreement, if applicable.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- 1 Yes__ No__ Have you received and personally reviewed the Franchise Agreement, Multi-Unit Operator Agreement, if applicable, and each attachment or schedule attached to it?

- 2 Yes__ No__ Have you received and personally reviewed the Franchise Disclosure Document we provided?

- 3 Yes__ No__ Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

- 4 Yes__ No__ Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement and Multi-Unit Operator Agreement, if applicable?

- 5 Yes__ No__ Have you reviewed the Franchise Disclosure Document, Franchise Agreement, and Multi-Unit Operator Agreement, if applicable, with a lawyer, accountant or other professional advisor or have you had the opportunity for such review and chosen not to engage such professionals?

- 6 Yes__ No__ Have you discussed the benefits and risks of developing and operating a Teriyaki Madness Franchise and Multi-Unit Operator franchise, if applicable, with an existing Teriyaki Madness Franchise franchisee or Multi-Unit Operator, if applicable?

- 7 Yes__ No__ Do you understand the risks of developing and operating a Teriyaki Madness Franchise or Multi-Unit Operator franchise, if applicable?

- 8 Yes__ No__ Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?

- 9 Yes__ No__ Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Colorado, if not resolved informally or by mediation?
- 10 Yes__ No__ Do you understand that you must satisfactorily complete the initial training course before we will allow your franchised business to open or consent to a transfer?
- 11 Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Teriyaki Madness Franchise, and Multi-Unit Operator franchise, if applicable, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- 12 Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and Multi-Unit Operator Agreement, if applicable, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- 13 Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Teriyaki Madness Franchise or Multi-Unit Operator franchise, if applicable, will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- 14 Yes__ No__ Do you understand that the Franchise Agreement and attachments to the Franchise Agreement and the Multi-Unit Operator Agreement and attachments, if applicable, contain the entire agreement between us and you concerning the franchise for the Teriyaki Madness Franchise business, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement and the Multi-Unit Operator Agreement or the attachments, if applicable, will not be binding?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]

EXHIBIT F

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EXHIBIT G

LIST OF FRANCHISEES

Franchisees

Nevada

Nevada Madness, LLC Robert Masiello and Randy Thomas S Durango Drive and Warms Springs Rd Las Vegas, Nevada 89147 (702) 612-5538	Arnaldo Gomez III Stephanie Beltway Plaza 43 South Stephanie St , Ste 133 Henderson, NV 89012 (702) 604-8757
Skillzmadd Inc * Dean Clarino 725 W Craig Road, Ste 132 North Las Vegas, Nevada 89032 (702) 341-8623	Circle Five, LLC Chris Angelo 2548 Wigwam Pkwy #150 Henderson, NV 89074 (702) 630-2316

*This franchisee owns two locations. Therefore, the chart above lists all of our franchisees

Former Franchisees

None

EXHIBIT H

STATE ADDENDA

ADDITIONAL DISCLOSURES FOR THE MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT OF TERIYAKI MADNESS FRANCHISING LLC

The following are additional disclosures for the Franchise Disclosure Document of Teriyaki Madness Franchising, LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

The following modifications are made to the Teriyaki Madness Franchising, LLC ("Franchisor," "us," "we," or "our") Franchise Disclosure Document ("FDD") given to Franchisee ("Franchisee," "you," or "your") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 201__.

Depending on state law, the provisions of this State-Specific Addendum ("State Addendum") may apply to modify the Franchise Disclosure Document that was given to you, as well as the Franchise Agreement and Multi-Unit Operator Agreement, and any applicable Addenda, Exhibits, Appendices, or mutually-agreed modifications thereto. Specifically, this State Addendum will apply to your Franchise Agreement and Multi-Unit Operator Agreement only if the jurisdictional requirements of a listed state's laws are met independently and without reference to this Addendum, to the Franchise Agreement, or to the FDD. For purposes of the State Addendum, the "Franchisor's Choice of Law State" is Colorado and "Supplemental Agreements" mea Multi-Unit Operator Agreement. In the event of any inconsistency between the provisions of the Franchise Agreement, FDD, Multi-Unit Operator Agreement or Supplemental Agreements and this Addendum, the terms of this State Addendum shall control. Nothing in this State Addendum, the Franchise Disclosure Document, Franchise Agreement, Multi-Unit Operator Agreement or Supplemental Agreements should be interpreted or construed as providing an independent basis for Franchisee's assertion that any particular state law or provision applies to the Franchise Disclosure Document, Franchise Agreement, Multi-Unit Operator Agreement or Supplemental Agreements that would not otherwise apply due to the jurisdictional requirements of such state law or provision.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Franchise Disclosure Document.

Neither Franchisor nor any other person listed in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the Franchise Agreement or Supplemental Documents contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC 101 et seq.).

California Corporations Code section 31125 requires the Franchisor to give the Franchisee a disclosure document, approved by the department of corporations, prior to a solicitation of a proposed material modification of an existing franchise

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond the termination of the franchise. Such provisions may not be enforceable under California law

Under California civil code section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration. The arbitration will occur at Franchisor's Choice of Law State and the costs will be borne by the filing party and the prevailing party will be entitled to reimbursement of its expenses from the other party. Prospective Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as business and professions code section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement or Supplemental Agreements restricting venue to a form outside the State Of California

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

The Franchise Agreement and Supplemental Agreements require application of the laws of Franchisor's Choice of Law State. This provision may not be enforceable under California law

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

HAWAII

The following is added to the Cover Page

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE

OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

Registered agent in the state authorized to receive service of process

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

The following list reflects the status of the franchise registrations of the Franchisor in the states which require registration

- 1 This proposed registration is effective in the following states NA
- 2 This proposed registration is or will shortly be on file in the following states NA
- 3 States which have refused, by order or otherwise, to register these franchises are
None
- 4 States which have revoked or suspended the right to offer the franchises are
None
- 5 States in which the proposed registration of these franchises has been withdrawn are
None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The Franchise Disclosure Document and Franchise Agreement are amended accordingly.

The governing law or choice of law clause described in the Franchise Disclosure Document and contained in the Franchise Agreement is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of the Illinois Franchise Disclosure Act in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such the Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17 v, Choice of Forum, of the Franchise Disclosure Document is revised to include the following “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”

Item 17 w, Choice of Law, of the Franchise Disclosure Document is revised to include the following “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”

The termination and non-renewal provisions in the Franchise Agreement and the Franchise Disclosure Document may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s)

INDIANA

Item 8 of the Franchise Disclosure Document is amended to add the following

Under Indiana Code Section 23-2-2 7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you

Item 17 of the Franchise Disclosure Document is amended to add the following

Indiana Code 23-2-2 7-1(7) makes it unlawful for us to unilaterally terminate your franchise agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith

Indiana Code 23-2-2 7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act

The “Summary” column in ITEM 17 r of the Franchise Disclosure Document is deleted and the following is inserted in its place

No competing business for two (2) years within the Protected Territory

The “Summary” column in ITEM 17 t of the Franchise Disclosure Document is deleted and the following is inserted in its place

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us

The “Summary” column in ITEM 17 v of the Franchise Disclosure Document is deleted and the following is inserted in its place

Litigation regarding Franchise Agreement in Indiana, other litigation in the Franchisor’s Choice of Law State This language has been included in this Franchise Disclosure Document as a condition to registration The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue

provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in ITEM 17 w. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws, otherwise Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana:

The laws of the State of Indiana supersede any provisions of the Franchise Disclosure Document, the Franchise Agreement, Franchisor's Choice of Law State, if such provisions are in conflict with Indiana law.

The prohibition by Indiana Code 23-2-2 7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason modified to the extent necessary to comply with Indiana Code 23-2-2 7-1 (9).

The following provision will be added to the Franchise Agreement:

No Limitation on Litigation Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

MARYLAND

Item 17 of the Franchise Disclosure Document and sections of the Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and or assignment, will not apply to liability under the Maryland Franchise Registration and Disclosure Law.

Representations in the Franchise Agreement and Supplemental Agreements 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.

Item 17 of the Franchise Disclosure Document and sections of the Franchise Agreement and Supplemental Agreements are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration & 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. Item 17 of the Franchise Disclosure Document is hereby amended to the extent required under the Maryland Franchise Registration and Disclosure Laws.

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

Amendment to Questionnaire

Exhibit D of the Franchise Disclosure Document (Franchisee Disclosure Questionnaire) is hereby amended to state that all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

MICHIGAN

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise

- (a) A prohibition on your right to join an association of franchisees
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims
- (c) A provision that permits us to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include your failure 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 us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us 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) you are 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 you do not receive at least 6 months advance notice of our intent not to renew the franchise
- (e) A provision that permits us 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 the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state
- (g) A provision which permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us 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 our then-current reasonable qualifications or standards
 - (ii) The fact that the proposed transferee is a competitor of us or our subfranchisor
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations
 - (iv) Your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c)

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you 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

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota

1 Any provision in the Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C 01 to 80C 22 will be void to the extent that such contractual provision violates such law

Minnesota Statute Section 80C 21 and Minnesota Rule 2860 4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota

Minn Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota, provided, however, that this paragraph will not affect the obligation in the Agreement relating to arbitration

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C 14, Subds 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld

Item 13 of the FDD is hereby amended to state that we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party

claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards

Minnesota Rule 2860 4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the Franchise Disclosure Document, the Franchise Agreement and the Multi-Unit Operator Agreement, which require you to sign a general release prior to renewing or transferring your franchise, are hereby deleted from the Franchise and Multi-Unit Operator Agreement, to the extent required by Minnesota law.

The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation Pursuant to Minnesota Statutes, Section 80C 21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80 C.

8 Minnesota Statute Section 80C 17 states that no action for a violation of Minnesota Statutes, Sections 80C 01 to 80C 22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

NEW YORK

The following is added to the Risk Factors on the cover page:

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.

Item 3 of the Franchise Disclosure Document is modified to read as follows:

Other than described in ITEM 2, neither Teriyaki Madness Franchising, LLC, its predecessor, a person identified in ITEM 2, or an affiliate offering franchises under Teriyaki Madness Franchising, LLC's principal trademark has an administrative, criminal or civil action pending against it alleging a fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

Neither Teriyaki Madness Franchising, LLC, its predecessor, a person identified in ITEM 2, or an affiliate offering franchises under Teriyaki Madness Franchising, LLC's principal trademark 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 a violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither Teriyaki Madness Franchising, LLC, its predecessor, a person identified in ITEM 2, or an affiliate offering franchises under Teriyaki Madness Franchising, LLC's principal trademark 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 injunction or restrictive order relating to any business activity as a result of an action

brought by a public agency or department, including without limitation, an action affecting a license as a real estate broker or sales agent

Item 4 of the Franchise Disclosure Document is modified to read as follows

Other than as described in ITEM 4 of the Teriyaki Madness Franchising, LLC Franchise Disclosure Document, neither Teriyaki Madness Franchising, LLC, its affiliate, its predecessor, officers or general partner during the 10 year period immediately before the date of the Franchise 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 U S Bankruptcy Code, or (c) was a principal officer of a company or a general partner in a partnership that filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position in the company or partnership

The following sentence is added to the end of the first paragraph of ITEM 5 of the Franchise Disclosure Document

We may use the proceeds from your payment of the Initial Franchise Fee to defray our costs and expenses for providing training and assistance to you, for commission payments to brokers involved in the sale of a franchise to you, for general working capital purposes, and for other expenses

The first paragraph of Item 17 of the Franchise Disclosure Document is modified to read as follows

THESE TABLES LIST CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AGREEMENT AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT

Item 17 w of the Franchise Disclosure Document is revised to read as follows

The foregoing choice of law should not be considered a waiver of any right conferred upon either the Franchisor or upon the Franchisee by the GBL of the State of New York, Article 33 This language has been included in this Franchise Disclosure Document as a condition of registration The Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions

The Franchise Agreement requires that the law of Franchisor's Choice of Law State governs the Franchise Agreement and Supplemental Agreements The Franchise Agreement and Supplemental Agreements are hereby amended to state that the choice of law provision contained in the Franchise Agreement and Supplemental Agreements should not be considered a waiver of any rights conferred by the provisions of Article 33 of the New York State General Business Law

The Franchise Agreement is hereby amended to state that Franchisee shall not be required to indemnify Franchisor for any liabilities which arose as a result of Franchisor's breach of this Agreement or other civil wrongs committed by Franchisor

The Franchise Agreement and the Supplemental Agreements are hereby amended to state that the choice of law provision requiring Franchisor's Choice of Law State contained in the Franchise Agreement and any Supplemental Agreements 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 This language has been included in this Franchise Disclosure Document as a condition of registration Franchisor and

Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable Franchisor and Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and the Supplemental Agreements and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions

FRANCHISOR REPRESENTS THAT IT HAS NOT KNOWINGLY OMITTED FROM THE FRANCHISE DISCLOSURE DOCUMENT ANY MATERIAL FACT, NOR DOES THE FRANCHISE DISCLOSURE DOCUMENT CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT

NORTH DAKOTA

Sections of the Franchise Disclosure Document, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law

Sections of the Franchise Disclosure Document, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law

Sections of the Franchise Disclosure Document, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law

Any sections of the Franchise Disclosure Document, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law

Any sections of the Franchise Disclosure Document, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law

Any sections of the Franchise Disclosure Document, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law

RHODE ISLAND

§ 19-28 1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act" The Franchise Disclosure Document, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law

The above language has been included in this Franchise Disclosure Document as a condition to registration The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act

VIRGINIA

Item 17(h) The following is added to Item 17(h)

“Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to use undue influence to induce a Franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to Franchisee under the franchise, that provision may not be enforceable ”

WASHINGTON

The state of Washington has a statute, RCW 19 100 180 which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

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. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

FRANCHISOR:

**TERIYAKI MADNESS
FRANCHISING, LLC**

By _____

Title: _____

FRANCHISEE:

By _____

Title _____

EXHIBIT I

CONTRACTS FOR THE TERIYAKI MADNESS FRANCHISE

The following contracts contained in Exhibit I are contracts that franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of a Teriyaki Madness Franchise. The following are the forms of contracts that Franchisor uses as of the Issuance Date the Franchise Disclosure Document. They are subject to change at any time.

EXHIBIT I-1
SAMPLE TERIYAKI MADNESS FRANCHISE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the "Release") is made as of _____, 20__ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Teriyaki Madness Franchising, LLC, a Colorado limited liability company ("Franchisor," and together with Releasor, the "Parties")

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (the "Agreement") pursuant to which Franchisee was granted the right to own and operate a Teriyaki Madness Franchise,

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee, [**enter into a successor franchise agreement**] and Franchisor has consented to such transfer [**agreed to enter into a successor franchise agreement**], and

WHEREAS, as a condition to Franchisor's consent to the transfer [**Franchisee's ability to enter into a successor franchise agreement**], Releasor has agreed to execute this Release upon the terms and conditions stated below

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer [**Franchisor entering into a successor franchise agreement**], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows

1 Representations and Warranties Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims or obligations being terminated and released hereunder [_____] represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release

2 Release Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries or related companies, divisions and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto

3 Nondisparagement Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Released Parties or otherwise

communicate with any person or entity in a manner intending to damage any of the Released Parties, their business or their reputation

4 Miscellaneous

a Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred

b This Release shall be construed and governed by the laws of the State of Colorado

c Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor

d In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorney fees

e All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release

f This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document

g If one or more of the provisions of this Release shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein

h The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby

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

FRANCHISEE

By _____

Name _____

Its _____

FRANCHISEE'S OWNERS

Date _____

Signature

Typed or Printed Name

EXHIBIT I-2

**TERIYAKI MADNESS FRANCHISE NONDISCLOSURE, NONSOLICITATION AND
NONCOMPETITION AGREEMENT**

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Teriyaki Madness Franchising, LLC, a Colorado limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below

"*Competitive Business*" means any business that derives at least fifty percent (50%) of its revenues from making and selling Japanese-style teriyaki dishes or similar food items. A Competitive Business does not include a Teriyaki Madness Franchise business operating pursuant to a franchise agreement with us.

"*Copyrights*" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Teriyaki Madness Franchise business, whether now in existence or created in the future.

"*Franchisee*" means the Teriyaki Madness Franchise franchisee for whom you are an officer, director, employee or independent contractor.

"*Intellectual Property*" means, collectively or individually, our Marks, Copyrights, Know-how and System.

"*Know-how*" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Teriyaki Madness Franchise business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies and information comprising the System and the Manual.

"*Manual*" means our confidential operations manual for the operation of a Teriyaki Madness Franchise business.

"*Marks*" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Teriyaki Madness Franchise business, including "Teriyaki Madness Franchise," and any other trademarks, service marks or trade names that we designate for use by a Teriyaki Madness Franchise. The term "Marks" also includes any distinctive trade dress used to identify a Teriyaki Madness Franchise business, whether now in existence or hereafter created.

"*Prohibited Activities*" means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business), (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees), and/or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

"*Restricted Period*" means the two (2) year period after you cease to be a manager of Franchisee's Teriyaki Madness Franchise business, provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one (1) year period after you cease to be a manager or officer of Franchisee's Teriyaki Madness Franchise business.

"*Restricted Territory*" means the geographic area within (i) a 25 mile radius from Franchisee's Teriyaki Madness Franchise business (and including the premises of the center), and (ii) a 25 mile radius from all other Teriyaki Madness Franchise business that are operating or under construction as of the beginning of the

Restricted Period, provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 25 mile radius from Franchisee's Teriyaki Madness Franchise business (and including the premises of the center)

"System" means our system for the establishment, development, operation and management of a Teriyaki Madness Franchise business, including Know-How, proprietary programs and products, confidential operations manuals and operating system

2. Background. You are an officer, director, or manager of Franchisee. As a result of this relationship, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Intellectual Property. You agree (i) you will not use the Know-how in any business or capacity other than the Teriyaki Madness Franchise business operated by Franchisee, (ii) you will maintain the confidentiality of the Know-how at all times, (iii) you will not make unauthorized copies of documents containing any Know-how, (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how, and (v) you will stop using the Know-how immediately if you are no longer a manager of Franchisee's Teriyaki Madness Franchise business. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager of Franchisee's Teriyaki Madness Franchise business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities, provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that (i) the terms of this Agreement are reasonable both in time and in scope of geographic area, and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Teriyaki Madness Franchise franchisees for which there is no adequate

remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of Colorado and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion, and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(d) You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

EXECUTED on the date stated below

FRANCHISEE

By _____

Name _____

Its _____

FRANCHISEE'S OWNERS

Date _____

Signature

Typed or Printed Name

EXHIBIT I-3

TERIYAKI MADNESS FRANCHISE CONFIDENTIALITY AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Teriyaki Madness Franchising, LLC, a Colorado limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below

"Teriyaki Madness Franchise Business" means a business that makes and sells Japanese-style teriyaki dishes and other related services and products using our Intellectual Property

"Copyrights" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Teriyaki Madness Franchise Business, whether now in existence or created in the future

"Franchisee" means the Teriyaki Madness Franchise franchisee for whom you are an officer, director, employee or independent contractor

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how and System

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Teriyaki Madness Franchise Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies and information comprising the System and the Manual

"Manual" means our confidential operations manual for the operation of a Teriyaki Madness Franchise Business

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Teriyaki Madness Franchise Business, including "Teriyaki Madness Franchise" and any other trademarks, service marks or trade names that we designate for use by a Teriyaki Madness Franchise Business. The term "Marks" also includes any distinctive trade dress used to identify a Teriyaki Madness Franchise Business, whether now in existence or hereafter created

"System" means our system for the establishment, development, operation and management of a Teriyaki Madness Franchise Business, including Know-How, proprietary programs and products, confidential operations manuals and operating system. The System does not include anything concerning the practice of physical therapy

2. Background. You are an employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree (i) you will not use the Know-how in any business or capacity other than the Teriyaki Madness Franchise Business operated by Franchisee, (ii) you will maintain the confidentiality of the Know-how at all times, (iii) you will not make unauthorized copies of documents containing any Know-how, (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how, and (v) you will stop using the Know-how immediately if you are no longer an officer, director, employee or independent contractor of Franchisee. You

further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee

4. Immediate Family Members You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild) You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Know-how However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member

5. Covenants Reasonable You acknowledge and agree that (i) the terms of this Agreement are reasonable both in time and in scope of geographic area, and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

6. Breach You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Teriyaki Madness Franchise franchisees for which there is no adequate remedy at law Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby) If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000 None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement

7. Miscellaneous

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so

(b) This Agreement will be governed by, construed and enforced under the laws of Colorado and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement

(c) Each section of this Agreement, including each subsection and portion thereof, is severable In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion, and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable

EXECUTED on the date stated below

Date _____

Signature

Typed or Printed Name

EXHIBIT I-4

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No
Franchisee Mailing Address (street)	Franchisee Phone No
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No	Franchisee E-mail Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
<input type="checkbox"/> Checking <input type="checkbox"/> Savings		
Bank Account No.	(check one)	Bank Routing No (9 digits)
Bank Mailing Address (city, state, zip)	Bank Phone No	

Authorization:

Franchisee hereby authorizes Teriyaki Madness Franchising, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature _____ Date _____

Name _____

Its _____

Federal Tax ID Number _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

EXHIBIT I-5

SAMPLE TERIYAKI MADNESS FRANCHISE TRANSFER AGREEMENT

This CONSENT TO TRANSFER AGREEMENT (this "Agreement") is executed and delivered as of _____, 201_, by and between _____, ("Seller"), _____, an individual ("Buyer") and Teriyaki Madness Franchising, LLC ("Franchisor")

WHEREAS, Seller and Franchisor entered into that certain Franchise Agreement, dated as of _____ (the "Franchise Agreement"), pursuant to which Franchisor granted Seller the right and license to operate an Teriyaki Madness Franchise business located at _____ (the "Business") in accordance with the terms and conditions stated therein, and

WHEREAS, Section 15 of the Franchise Agreement permits Seller to transfer its Teriyaki Madness Franchise Business provided that Franchisor consents to such transfer and certain specified conditions are satisfied

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual obligations set forth in this Agreement, the parties hereto agree as follows

1. Consent & Waiver by Franchisor. Pursuant to Section 15 of the Franchise Agreement, Franchisor hereby consents to the transfer of the Teriyaki Madness Franchise business from Seller to Buyer Franchisor waives its right of first refusal set forth in Section 15 of the Franchise Agreement and waives any obligation for Seller to enter into a subordination agreement pursuant to Section 15 of the Franchise Agreement

2. Conditions Precedent. This Agreement shall become effective only upon the satisfaction of each of the following conditions

(a) Buyer shall have successfully completed Franchisor's initial training program or made arrangements to attend Franchisor's initial training program (if such training is required by Franchisor)

(b) Buyer shall have submitted to Franchisor a true and complete list of the owners of Buyer, showing the respective ownership interests of each owner, as well as all members, partners, officers and directors, as applicable

(c) Seller and each of its owners shall have executed a Waiver and Release of Claims, the form of which is attached hereto as Exhibit "I-1"

(c) Buyer and its owners, as applicable, shall have executed Franchisor's current form of Franchise Agreement for the Teriyaki Madness Franchise Business (as amended by the form of Amendment prescribed by Franchisor), the forms of which are attached hereto as Exhibit "C", and all attachments to such Franchise Agreement

(e) Buyer or Seller shall have paid Franchisor a \$_____ Transfer Fee

(f) The landlord for the premises of the Unit shall have consented to the assignment of the lease

(g) Buyer and its owners shall have secured all licenses and permits required to operate the Unit. Any assignment that takes place prior to the satisfaction of each of the foregoing conditions shall be null and void ab initio.

3. Termination of Franchise Agreement. Upon satisfaction of each of the conditions specified in Section 2 above, the Franchise Agreement signed by Seller shall be deemed terminated and of no further force and effect, except for any obligations that survive the termination or expiration of the Franchise Agreement.

4. Survival of Covenants. Seller and its owners agree to comply with all of the covenants in the Franchise Agreement that expressly or by implication survive the termination, expiration or transfer of the Franchise Agreement.

5. Representation by Seller and Buyer. Seller warrants and represents that it has not heretofore assigned, conveyed or disposed of any interest in the Franchise Agreement or the Teriyaki Madness Franchise. Buyer hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the new Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document. Buyer further represents that it received a complete execution copy of the Franchise Agreement at least seven (7) calendar days before its execution.

6. Further Actions. Seller and Buyer each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Franchise Agreement.

7. Miscellaneous.

a. *Defined Terms.* Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Franchise Agreement.

b. *Governing Law.* This Agreement shall be construed and interpreted in accordance with the laws of the State of Colorado.

c. *Counterparts.* This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document.

d. *Binding Nature.* This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

e. *Entire Agreement, Modification.* This Agreement constitutes the entire agreement and understanding between the parties regarding the subject matter hereof. This Agreement may not be modified except in a writing signed by Seller, Buyer and Franchisor. This Agreement may not be assigned by either Seller or Buyer without Franchisor's prior written consent, which consent may be withheld in Franchisor's sole and absolute discretion.

f. *Inconsistency.* In the event of any inconsistency between the terms and conditions of the Franchise Agreement and this Agreement, this Agreement shall prevail.

IN WITNESS WHEREOF, this Agreement is executed as of the date first set forth above.

“Seller”

By _____
Name _____
Title _____

“Buyer”

Name

“Franchisor”

TERIYAKI MADNESS FRANCHISING, LLC

By _____
Name _____
Title _____

EXHIBIT I-6

LEASE ADDENDUM

This Addendum to Lease, dated _____, 201____, is entered into by and between _____ (“Lessor”), and _____ (“Lessee”)

A The parties hereto have entered into a certain Lease Agreement, dated _____, 201____, and pertaining to the premises located at _____ (“Lease”)

B Lessor acknowledges that Lessee intends to operate a Teriyaki Madness franchise from the leased premises (“Premises”) pursuant to a Franchise Agreement (“Franchise Agreement”) with Teriyaki Madness Franchising, LLC (“Franchisor”) under the name Teriyaki Madness or other name designated by Franchisor (herein referred to as “Franchised Business” or “Franchise Business”)

C The parties now desire to amend the Lease in accordance with the terms and conditions contained herein

NOW, THEREFORE, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows

1 Assignment Lessee shall have the right to assign all of its right, title and interest in the Lease to Franchisor or its parent, subsidiary, or affiliate (including another franchisee) at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor’s consent in accordance with the Collateral Assignment of Lease attached hereto as Attachment 1. However, no assignment shall be effective until the time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary or affiliate a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its parent unless and until the Lease is assigned to, and accepted in writing by, Franchisor or its parent, subsidiary or affiliate. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to reassign the Lease to another franchisee without the Landlord’s consent in accordance with Section 3(a)

2 Default and Notice

a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee’s interest as provided in Paragraph 4(a). Franchisor will have an additional fifteen (15) days from the expiration of Lessee’s cure period in which it may exercise the option, but it is not obligated, to cure the default or violation.

b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

Teriyaki Madness Franchising, LLC
5445 DTC Parkway, Suite 1050

Greenwood Village, CO 80111

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

c) Following Franchisor's approval of the Lease, Lessee agrees not to terminate, or in any way alter or amend the same during the Term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder, and a clause to the effect shall be included in the Lease.

3 Termination or Expiration

a) Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to re-assign the Lease to a new franchisee without Landlord's consent and to be fully released from any and all liability to Landlord upon the reassignment, provided the franchisee agrees to assume Lessee's obligations and the Lease.

b) Upon the expiration or termination of either the Lease or the Franchise Agreement, Landlord will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Teriyaki Madness marks and system, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

4 Consideration, No Liability

a) Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by Attachment 1.

b) Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

5 Amendments No amendment or variation of the terms of the Lease or this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

6 Reaffirmation of Lease Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

7 Beneficiary Lessor and Lessee expressly agree that Franchisor is a third party beneficiary of this Addendum

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto as of the day, month and year first written above

By _____
Title _____

By _____
Title _____

*ATTACHMENT 1 TO LEASE ADDENDUM
COLLATERAL ASSIGNMENT OF LEASE*

FOR VALUE RECEIVED, as of the ___ day of ____, 20__ (“**Effective Date**”), the undersigned, _____, (“**Assignor**”) hereby assigns, transfers and sets over unto Teriyaki Madness Franchising, LLC (“**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 A (“Lease”)** with respect to the premises located at _____ This Collateral Assignment of Lease (“**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 unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume 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, 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 that certain franchise agreement for a Teriyaki Madness franchise between Assignee and Assignor (“**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 the event, Assignor shall have no further right, title or interest in the Lease

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee Through 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 before the last day that said option must be exercised, unless Assignee otherwise agrees in writing Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal

[Signatures on following page]

IN WITNESS WHEREOF, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written

ASSIGNOR:

By _____

Its _____

ASSIGNEE:

TERIYAKI MADNESS FRANCHISING, LLC

By _____

Its _____

**RECEIPT
(Franchisee's 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 Teriyaki Madness Franchising, LLC offers you a franchise, Teriyaki Madness Franchising, LLC must provide this disclosure document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

Under Iowa, New York, or Rhode Island law, if applicable, we must provide this disclosure document to you at your 1st personal meeting to discuss the franchise. Michigan requires us to give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Teriyaki Madness Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is
Rodney Arreola at 5445 DTC Parkway, Suite 1050, Greenwood Village, Colorado 80111 and 1-888-978-3160

Issuance Date April 19, 2013

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated April 19, 2013 that included the following Exhibits:

- Exhibit A State Administrators/Agents for Service of Process
- Exhibit B Financial Statements
- Exhibit C Franchise Agreement
- Exhibit D Multi-Unit Operator Agreement
- Exhibit E Franchisee Disclosure Questionnaire
- Exhibit F Operations Manual Table of Contents
- Exhibit G List of Franchisees and Multi-Unit Operators
- Exhibit H State Addenda and Agreement Riders
- Exhibit I Contracts for the Teriyaki Madness Franchise
- Exhibit J Receipt

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

**RECEIPT
(Franchisor's 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 Teriyaki Madness Franchising, LLC offers you a franchise, Teriyaki Madness Franchising, LLC must provide this disclosure document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

Under Iowa, New York, or Rhode Island law, if applicable, we must provide this disclosure document to you at your 1st personal meeting to discuss the franchise. Michigan requires us to give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Teriyaki Madness Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is:
Rodney Arreola at 5445 DTC Parkway, Suite 1050, Greenwood Village, Colorado 80111 and 1-888-978-3160

Issuance Date April 19, 2013

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated April 19, 2013 that included the following Exhibits:

- Exhibit A State Administrators/Agents for Service of Process
- Exhibit B Financial Statements
- Exhibit C Franchise Agreement
- Exhibit D Multi-Unit Operator Agreement
- Exhibit E Franchisee Disclosure Questionnaire
- Exhibit F Operations Manual Table of Contents
- Exhibit G List of Franchisees and Multi-Unit Operators
- Exhibit H State Addenda and Agreement Riders
- Exhibit I Contracts for the Teriyaki Madness Franchise
- Exhibit J Receipt

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

PLEASE SIGN THIS COPY OF THE RECEIPT, PRINT YOUR NAME, DATE YOUR SIGNATURE, AND RETURN IT TO TERIYAKI MADNESS FRANCHISING, LLC, 5445 DTC PARKWAY, SUITE 1050, GREENWOOD VILLAGE, COLORADO 80111.