

Soup Korner, LLC

1803 North Main Street
West Bend, WI 53090
262-346-8045

The Soup Korner LLC (“we,” “us,” or “our”) offers for sale a franchise to establish and operate a store that offers specialty soups and sandwiches under the “Soup Korner” marks (each, a “Store”).

The total investment necessary to begin operations of a Store franchise is approximately \$75,000. This amount includes the initial franchise fee, training fees, initial FFE package that must be paid to the franchisor or its affiliate prior to opening. This does not include costs or fees associated with your negotiation and consummation of a lease agreement or buildout for the Store location.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Renee Paape the Soup Korner, LLC at 1803 North Main Street, West Bend, Wisconsin 53090; 262-346-8045.

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 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.

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS: May 28, 2024.

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 THIS FRANCHISE WITH A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit B 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 DEVELOPMENT AGREEMENT CONTAIN A MANDATORY BINDING ARBITRATION CLAUSE GOVERNING NEARLY ALL DISPUTES BETWEEN YOU AND US. THE BINDING ARBITRATION (AND ANY LITIGATION) AND ANY ARBITRATION APPEAL WILL TAKE PLACE IN THE COUNTY IN WHICH OUR THEN-CURRENT HEADQUARTERS IS LOCATED, CURRENTLY, WASHINGTON COUNTY, WISCONSIN, AND THAT MAY COST YOU MORE (AND BE LESS CONVENIENT) THAN IF THOSE PROCEEDINGS TOOK PLACE NEAR YOUR RESIDENCE OR BUSINESS. COSTS OF THE ARBITRATION AND ANY ARBITRATION APPEAL MAY BE GREATER THAN IN LITIGATION. YOU AND WE WILL GENERALLY BEAR EACH OF OUR OWN COSTS IN ANY DISPUTE, BUT THE ARBITRATOR CAN ASSESS FEES AND COSTS AGAINST A LOSING PARTY.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT PROVIDE THAT THE LAWS OF THE STATE OF WISCONSIN GOVERN THE AGREEMENTS AND THAT LAW MAY NOT PROVIDE YOU WITH THE SAME RIGHTS AND PROTECTIONS AS YOUR LOCAL LAW. THIS DOES NOT APPLY, HOWEVER, WITH RESPECT TO ANY CLAIMS OR DISPUTES ARISING OUT OF OR RELATED TO THE INTERPRETATION OR ENFORCEMENT OF YOUR COVENANTS AGAINST COMPETITION SET FORTH IN THE FRANCHISE AGREEMENT AND, IF APPLICABLE, DEVELOPMENT AGREEMENT (WHICH WILL BE GOVERNED BY THE LAW WHERE YOUR FRANCHISED BUSINESS IS LOCATED). YOU MAY WANT TO CONSULT AN ATTORNEY REGARDING COMPARISON OF THESE LAWS.
3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN IF YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS (PERHAPS INCLUDING YOUR HOUSE) AT RISK IF YOUR FRANCHISE FAILS.

4. YOU MUST MEET A MINIMUM MONTHLY GROSS REVENUE QUOTA REQUIREMENT. YOUR INABILITY TO MEET THIS REQUIREMENT MAY RESULT IN LOSS OF ANY TERRITORIAL RIGHTS YOU ARE GRANTED, TERMINATION OF YOUR FRANCHISE, AND LOSS OF YOUR INVESTMENT.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

STATE EFFECTIVE DATES

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

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:

<u>STATE</u>	<u>EFFECTIVE DATE</u>
WISCONSIN	May 28, 2024

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EXHIBITS:

- A Financial Statement
- B List of State Administrators and Agents for Service of Process
- C Receipt
- D Franchise Agreement

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

We only do business under the name Soup Korner, LLC and/or our proprietary marks, including our current primary mark The Soup Korner™. Our principal business is located at 1803 North Main Street, West Bend, Wisconsin 53090 and our business phone number is 262-346-8045. We are a Wisconsin limited liability company formed on September 16, 2019.

We are in the business of offering and awarding franchises for the right to independently own and operate a franchised Store (each, a “Franchised Business”) that utilizes our then-current proprietary marks (the “Marks”) and business operations system that we and our affiliates have developed (the “System”), as disclosed more fully below in this Item.

Except as provided in this Item, we do not offer franchises in any other line of business, and we are not otherwise involved in any substantive business activity. As of the Issue Date, we and our affiliates operate a total of two Stores that are operated in a substantially similar manner as the Franchised Business being offered in this Disclosure Document utilizing the Marks and System (the “Affiliate Stores”). The Store we operate is located in West Bend and Hartford, Wisconsin.

We have no parent company, predecessor, or other affiliated company. Our registered agent for service of process is Andrew Niebler, 143 S. Main Street, Third Floor, West Bend, Wisconsin 53095.

ITEM 2. PERSONAL AND BUSINESS EXPERIENCE

Renee Paape has owned and operated Soup Korner, LLC, a specialty soup and sandwich restaurant, in West Bend, Wisconsin, since 2019. Soup Korner focuses on providing unique soups and sandwiches using fresh, high-quality ingredients to its customers. Renee holds the firm belief that folks should be able to order fresh food, fast.

Renee is a textbook example of the phrase “Necessity is the mother of all invention.” She began creating recipes for soups, sandwiches, and seasonings as a result of her son’s severe food allergy. Renee’s steadfast desire to make fresh, high-quality food for her son (and family) and her passion for hospitality combined to create Soup Korner.

Renee has been operating Soup Korner since its inception and has seen the company flourish. There is a clear need for fresh food, fast.

ITEM 3. LITIGATION

We have not been involved in litigation of any kind.

ITEM 4. BANKRUPTCY

We have not been involved in any bankruptcy proceedings of any kind.

ITEM 5. INITIAL FEES

Initial Fee. You must pay an initial franchisee fee of \$30,000 (the “Initial Franchise Fee”) to establish a single Store under a Franchise Agreement. The Initial Franchise Fee is due upon the signing of the Franchise Agreement. The Initial Franchise Fee shall be fully earned by Franchisor upon payment and is not refundable, in whole or in part, under any circumstance.

ITEM 6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	5% of the “Gross Revenue” generated by the Store	Paid by you into your account monthly by 12:00 p.m. CST on the 3 rd business day of the month following the month in which the Royalty is due.	We will collect this fee via electronic funds transfer (EFT).
Initial FFE Package	Estimated at \$20,000 for equipment and fixtures; \$20,000 for opening inventory	This payment is due upon execution of the Franchise Agreement.	You must purchase this initial FFE package to open Store.
Signage	Estimated \$3,000	Prior to Opening	
Technology Systems	Estimated \$2,500	Prior to Training	
Transfer Fee	\$10,000	At execution of then-current Franchise Agreement.	Payable to us if you are permitted to transfer your rights to a third party.
Renewal Fee	\$2,000	At execution of then-current Franchise Agreement.	Renew an additional 5-year term after fulfillment of the initial 7-year Franchise Agreement.
Indemnification	Varies on case-by-case basis.	As incurred.	You must reimburse the company if the

			company is liable for any claims arising from your Store.
Financial Audit Expenses	Cost of audit plus 1.5% interest per month. If understatement is 2% or greater, you must pay for company's inspection/audit expenses and fees.	As incurred.	Incurred if you understate your Gross Revenue or fail to make payments. Paid to us or our designated financial representative.
Annual Operation Auditing Expenses	If occurred on-site, it is the then-current expenses.	As incurred.	
Cost of Enforcement	All costs and fees including, but not limited to, attorney's fees and costs.	Upon demand.	You must reimburse the company for all costs and fees connected with having to enforce any agreement or obligation.

1. Unless otherwise specified, all fees are imposed by and are paid to us. All fees are uniform, payable in one lump sum, and are non-refundable except as otherwise stated in this FDD.
2. "Gross Revenue" means the total of all revenues and income from the sale of all products and services from all sources in connection with the Business, whether or not sold at or from the "Franchised Location" (as that term is defined in Item 11), whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received), or otherwise. You may deduct from Gross Revenue all sales tax or similar taxes, which by law are chargeable to clients by any taxing authority. You may also deduct from Gross Revenue the amount of any documented refunds. All payments made to us including Royalties will be paid through an automatic electronic bank-to-bank transfer (EFT).

ITEM 7. ESTIMATED INITIAL INVESTMENT

The estimated initial investment includes certain expenditures required to establish and operate a Store. Note that these amounts may vary widely, and the amounts you have to spend or invest may be higher or lower than the estimated amounts, depending on location, size of the Store, marketing conditions and other factors. We strongly recommend that you verify actual costs in your area, and for your intended location, and prepare a business plan and have

it reviewed by your own independent adviser, like an accountant, before making any commitments to us or anyone else. Due to legal restrictions, we will not prepare, review or comment on any business plan for a prospective Franchisee. All amounts payable to us are nonrefundable, unless otherwise noted. Amounts payable to suppliers/vendors are refunded according to arrangements you make with the vendor, if any. We do not offer direct or indirect financing, but we may assist you in obtaining working capital through other sources. The Franchisee's Minimum Capital investment is \$75,500 and can be demonstrated by cash, line of credit, or any combination thereof.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate all aspects of your Franchised Business in strict conformity with the methods, standards, and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing through our confidential Manuals and other proprietary guidelines and writings that we prepare for your use in connection with the Franchised Business and System. We may periodically change our System standards and specifications from time to time, as we deem appropriate or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System.

Approved Products and Services

You may only market, offer, sell and provide the Approved Products and Services, as well as any related merchandise and other products that Franchisor authorizes for sale in conjunction with the Approved Products and Services at your Franchised Business in a manner that meets our System standards and specifications. We will provide you with a list of our then-current Approved Products and Services, along with their standards and specifications, as part of the Manuals or otherwise in writing prior to the opening of your Franchised Business. We may update or modify this list in writing at any time.

If you wish to offer any product or service in your Franchised Business other than our Approved Products and Services, or use any item in connection with your Franchised Business that does not meet our System standards and specifications, then you must obtain our prior written approval as described more fully in this Item.

Approved Suppliers

We have the right to require you to purchase any items or services necessary to operate your Franchised Business from a supplier that we approve or designate (each, an "Approved Supplier"), which may include us or our affiliate(s). We will provide you with a list of our Approved Suppliers in writing as part of the Manuals or otherwise in writing, and we may update or modify this list as we deem appropriate.

ITEM 9. FRANCHISEE'S OBLIGATIONS

Obligation	Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	1,7	Items 7 and 11
(b) Pre-opening purchases/ leases	1,7	Items 7 and 8
(c) Site development and other pre-opening requirements	1,7	Items 6,7,11
(d) Initial and ongoing training	5,6	Item 11
(e) Opening	1,7,9	Item 11
(f) Fees	5	Items 5,6,7
(g) Compliance with standards and policies/Manuals	8	Items 8, 11, 14 and 16
(h) Trademarks and proprietary information	4	Items 13 and 14
(i) Restrictions on products/services offered	8	Items 8, 11 and 16
(j) Warranty and Customer service requirements	8	Item 16
(k) Territorial development and sales quotas	8	Item 12
(l) Ongoing product/service purchases	8	Item 8
(m) Maintenance, appearance, and remodeling requirements	7	Item 11
(n) Insurance	10	Items 7,8
(o) Advertising	9	Items 6,7,11
(p) Indemnification	11	Item 6
(q) Owner's participation/management/staffing	7,8	Items 11 and 15
(r) Records/reports	5	Item 11

(s) Inspections/audits	5,10	Item 6
(t) Transfer	14	Item 17
(u) Renewal	1	Item 17
(v) Post-termination obligations	15	Item 17
(w) Non-competition covenants	13	Item 17
(x) Dispute resolution	16	Item 17

ITEM 10. FINANCING

We do not offer direct or indirect financing for any amount due under the Franchise Agreement. We do not guarantee your note, lease or any other obligation. As security for the performance of your obligations under the Franchise Agreement, including payments owed to us for purchases by you, you must grant us a security interest in all of the assets used in the operation of the Store.

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

Subject to the items listed below, we are not required to provide you with any assistance.

- If the Authorized Location for your Store has not been identified at the time the Franchise Agreement is signed, we will work with you to designate a geographical area within which you must secure an Authorized Location for your Store. We will also comply with our obligations with respect to site selection assistance and site approval.
- Before you open the Store, we will provide you with training at your Store.
- Prior to you attending your required initial training, we will loan you one copy of the Manual, which contains mandatory and suggested specifications, standards and procedures. The Manual is confidential and remains our property. We may modify the Manual.
- Within 30 calendar days of execution of your Franchise Agreement, we will provide you (through the Manual or otherwise) with specifications for the layout and design of the Store.
- Within 30 calendar days of execution of your Franchise Agreement, we will provide you (through the Manual or otherwise) with a list of equipment and ingredients, standard fixtures, furnishings, supplies, and signs to be used in the Store, as well as certain other required items and a list of approved suppliers.
- We will provide you with the Initial FFE Package and Opening Inventory Package to you, provided you have paid the applicable amounts for such items. You will be independently responsible for arranging installation of certain components of the Initial FFE Package and paying a third-party contractor the associated costs. The items comprising the Initial FFE Package and Opening Inventory Package shall be purchased

from approved suppliers. We do not provide written specifications for the items comprising the Initial FFE Package other than those descriptions that are included in the Manual.

- We will license you the use of our trademarks.
- We will consult and advise you on the advertising, marketing and promotion associated with the grand opening of your Store.

ITEM 12. TERRITORY

You will operate the Store at a specific location approved by us (“Authorized Location”). Once you have secured your Authorized Location, we will provide you with a Designated Territory within which you will have certain protected rights. If you have been granted a Designated Territory, neither we nor our affiliates will operate or establish, or authorize another System franchisee to operate or establish, a Store within your Designated Territory. For this reason, your Designated Territory is deemed “exclusive” under applicable franchise disclosure laws (but please note our reserved rights described later in this Item). Your Designated Territory will not be modified by Franchisor for any reason so long as you are not in default of your Franchise Agreement.

ITEM 13. TRADEMARKS

We registered trademarks applicable to the Soup Korner. You are permitted to use our trademarks under the Franchise Agreement.

These trademarks do not necessarily include every trademark that we license to you, and the Franchise Agreement gives us the right to add, modify, or remove marks from those that we license to you. We expect and intend to submit all affidavits and other filings necessary to maintain the registrations above.

There are no presently effective determinations of the United States Patent and Trademark Office, the Trademark Administrator of any State, or any court, nor any pending material litigation involving any of the Marks which are relevant to their use in any State. There are no pending interference actions or opposition or cancellation proceedings that significantly limit our rights to use or license the use of the Marks in any manner material to the System. We have filed all required affidavits for the Marks and will continue to do so. None of the Marks’ registrations have come up for renewal at this point so we have not yet renewed any of the Marks’ registrations.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents or copyright registrations that are material to the franchise.

We do claim common law copyrights and copyright protection in and on the System and all of the components of the System, including, but not limited to, the Marks, the content of the

Manuals and related materials, training modules and techniques, our website, all advertisements in any medium, including the internet, and other promotional and written materials. Each and every component of the system is our proprietary, trade secret, and confidential information (“Proprietary Information”, as more fully defined in the Franchise Agreement). Any component of the Proprietary Information can be used by you only as described in the Franchise Agreement.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE OPERATION OF THE FRANCHISED BUSINESS

If you operate the franchise through an entity, you must designate and request our approval of one of your owners (who must be a natural person) as “Operating Principal.” You may not change your Operating Principal without our consent. Your Operating Principal must be authorized, on your behalf, to deal with us in respect of all matters whatsoever which may arise in respect of your franchise agreement. Each Store must always be under the direct, full-time, day-to-day “on-premises” supervision of your Principal Operator or Designated Manager. Each such person must attend and satisfactorily complete our initial training program before opening the Store. You must keep us informed at all times of the identity of your Principal Operator and/or your Designated Manager.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell only those Approved Products and Services, and deal only with those suppliers that we authorize or require, that have been authorized (See Item 8). Principally, this means you must purchase the amount and type of equipment, including various equipment/supplies for use in connection with the provision of the Approved Products and Services. Failure to comply with our purchasing restrictions may result in the termination of your Franchise Agreement. We may supplement, revise and/or modify our Approved Products and Services as we deem appropriate from time to time, as well as our System standards and specifications associated with the provision of these products/services. These changes will be outlined in our Manuals or otherwise in writing, and there are no contractual limitations on our right to make these types of changes.

If we discontinue any Approved Product or Service offered by the Franchised Business, then you must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us). You may not use the location of your Franchised Business for any other business purpose other than the operation of your Franchised Business.

You may not advertise, offer for sale or sell, any products and/or services that we have not authorized. We reserve the right to change the types of authorized products and services at any time in our discretion. You agree to promptly undertake all changes as we require from time to time, without limit, except we will not require you to thoroughly modernize or remodel the

Store any more often than once every five (5) years. You will not make any material alterations to your Store or its appearance as originally approved by us without our prior written approval.

You must refrain from any merchandising, advertising, or promotional practice that is unethical or may be injurious to our business and/or other franchised businesses or to the goodwill associated with the Marks. Subject to the conditions set forth above, we do not impose any restrictions with regards to the customers to whom you may sell goods and services.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

You may renew your franchise for a payment of \$2,000 so long as you are not in default and give written notice of your desire to renew no less than 90 days or more than 180 days before the expiration of the initial term (Franchise Agreement, Section 3).

We may terminate your franchise upon a material breach of the Franchise Agreement and/or where you are in default under the Franchise Agreement (Franchise Agreement, Section 15). You may transfer your interest in the franchise for a payment of \$10,000 subject to our approval of the party to whom your interest is to be transferred (Franchise Agreement, Section 14).

There is a resolution process for all disputes arising under the Franchise Agreement. The process generally requires you to first make every attempt at resolving the dispute internally. If the dispute is not resolved internally, the dispute may be escalated to mediation. If the dispute is not resolved in mediation, the dispute may be escalated to mandatory binding arbitration. The only exception to mandatory binding arbitration is the Franchisor's right to seek injunctive relief in any court of competent jurisdiction. (Franchise Agreement, Section 16).

ITEM 18. PUBLIC FIGURES

Presently, 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.

- 1803 North Main Street, West Bend, WI 53090
- Gross Annual Sales: \$306,000.00

This amount is based upon the West Bend, Wisconsin location for year 2023. Your individual results may differ. There is no assurance that you'll sell as much.

Notes:

1. Your results may vary upon the location of your Franchised Business. Your results may also vary because you will be establishing and operating a start-up business.
2. The analysis above in this Item does not contain complete information concerning the operating costs and expenses that you will incur in operating your Franchised Business. Operating costs and expenses may vary substantially from business to business.
3. The figures provided in this Item exclude certain tax liabilities for which you will be responsible.
4. The figures disclosed in this Item do not include all the professional fees or other administrative expenses that you might incur in connection with opening and commencing operations of your Franchised Business, including legal and accounting fees.
5. Interest expense, interest income, depreciation, amortization and other income or expenses will vary substantially from business to business, depending on the amount and kind of financing you obtain to establish your Franchised Business. You should consult with your tax advisor regarding depreciation and amortization schedules and the period over which assets of your Franchised Business may be amortized or depreciated, as well as the effect, if any, of any recent or proposed tax legislation. Please note that the figures set forth in this Item 19 do not involve any depreciation or amortization.
6. Expenses and costs, as well as the actual accounting and operational methods employed by a franchisee, may significantly impact profits realized in any particular operation. The revenues and expenses of your business will be directly affected by many factors, such as: (a) your Designated Territory's geographic location and population demographics; (b) advertising effectiveness based on market saturation; (c) whether you operate the business personally or hire a third party to serve as your Designated Manager; (d) your product and service pricing; (e) vendor prices on materials, supplies and inventory; (f) personnel salaries and benefits (life and health insurance, etc.); (g) insurance costs; (h) weather conditions; (i) ability to generate customers; (j) customer loyalty; (k) employment conditions in the market; and (l) the efforts you and your personnel put into your Franchised Business.
7. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a Franchised Business.

Other than the preceding financial performance representation, we do 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.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Presently, we own two stores in Wisconsin. Those stores are located at 1803 North Main Street, West Bend, Wisconsin 53090 and 1481 East Sumner Street, Hartford, Wisconsin 53027.

ITEM 21. FINANCIAL STATEMENTS

Exhibit A contains our financial statement for the past two (2) years.

ITEM 22. CONTRACTS

Exhibit D contains the Franchise Agreement.

ITEM 23. RECEIPT

Exhibit C to this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to Renee Paape at the following address: Soup Korner, LLC, 1803 North Main Street, West Bend, Wisconsin 53090.

EXHIBITS:

- A Financial Statement
- B List of State Administrators and Agents for Service of Process
- C Receipt
- D Franchise Agreement

EXHIBIT A

Soup Korner LLC

Profit and Loss

January - December 2023

	HARTFORD	WEST BEND	TOTAL
Income	\$277,008.85	\$306,909.43	\$583,918.28
Cost of Goods Sold	\$123,476.52	\$131,045.30	\$254,521.82
GROSS PROFIT	\$153,532.33	\$175,864.13	\$329,396.46
Expenses			
Advertising & Marketing	300.00	250.00	\$550.00
Ask My Accountant	4,035.98	1,961.88	\$5,997.86
Bank Fees	148.00	293.00	\$441.00
Car & Truck	12,202.65	12,202.65	\$24,405.30
Decor	1,491.65	471.19	\$1,962.84
Dues & Subscriptions		858.11	\$858.11
Equipment Rental	1,365.15		\$1,365.15
Insurance	1,489.50	3,584.82	\$5,074.32
Interest Paid	874.87	1,724.23	\$2,599.10
Legal & Professional Services	1,094.37	3,060.88	\$4,155.25
Licenses & Permits	5.00	5.00	\$10.00
Office Supplies	623.08	472.66	\$1,095.74
Payroll Expenses			\$0.00
FICA Taxes	3,005.47	5,508.08	\$8,513.55
Salaries & Wages	39,287.47	72,001.26	\$111,288.73
Unemployment Taxes	1,424.43	1,422.69	\$2,847.12
Total Payroll Expenses	43,717.37	78,932.03	\$122,649.40
Postage		7.90	\$7.90
Rent & Lease	23,581.00		\$23,581.00
Repairs & Maintenance	9,360.61	1,902.73	\$11,263.34
Restaurant Supplies	4,569.91	3,127.74	\$7,697.65
Software	3,513.38	2,557.59	\$6,070.97
Supplies	3,775.28	3,916.67	\$7,691.95
Taxes			\$0.00
Sales Tax	13,074.66	11,919.71	\$24,994.37
Total Taxes	13,074.66	11,919.71	\$24,994.37
Telephone	884.55	1,400.30	\$2,284.85
Uniforms	1,088.90	4,581.66	\$5,670.56
Utilities	9,674.14	5,315.10	\$14,989.24
Total Expenses	\$136,870.05	\$138,545.85	\$275,415.90
NET OPERATING INCOME	\$16,662.28	\$37,318.28	\$53,980.56
Other Income			
Credit Card Rebates	0.54	45.88	\$46.42
Misc Income		0.37	\$0.37
Sales Tax Discount	82.63	140.43	\$223.06
Total Other Income	\$83.17	\$186.68	\$269.85
Other Expenses			
Depreciation Expense	19,173.07		\$19,173.07
Total Other Expenses	\$19,173.07	\$0.00	\$19,173.07

Soup Korner LLC

Profit and Loss

January - December 2023

	HARTFORD	WEST BEND	TOTAL
NET OTHER INCOME	\$ -19,089.90	\$186.68	\$ -18,903.22
NET INCOME	\$ -2,427.62	\$37,504.96	\$35,077.34

Soup Korner LLC

Profit and Loss

January - December 2022

	TOTAL
Income	\$307,423.49
Cost of Goods Sold	\$140,347.13
GROSS PROFIT	\$167,076.36
Expenses	
Advertising & Marketing	662.18
Bank Fees	374.29
Car & Truck	8,653.00
Decor	404.97
Dues & Subscriptions	239.97
Insurance	5,734.52
Interest Paid	3,510.64
Kitchen Equipment Under 2.5K	2,311.62
Landscaping	25.57
Legal & Professional Services	2,730.00
Licenses & Permits	635.00
Office Supplies	1,437.16
Payroll Expenses	
FICA Taxes	4,639.08
Salaries & Wages	60,641.00
Unemployment Taxes	1,756.08
Total Payroll Expenses	67,036.16
Rent & Lease	12,000.00
Repairs & Maintenance	1,493.36
Restaurant Supplies	3,274.69
Software	2,180.40
Supplies	3,402.11
Taxes	
Sales Tax	12,700.64
Total Taxes	12,700.64
Telephone	952.96
Uniforms	2,330.00
Utilities	11,220.46
Total Expenses	\$143,309.70
NET OPERATING INCOME	\$23,766.66
Other Income	
Misc Income	7.02
Sales Tax Discount	119.98
Total Other Income	\$127.00
Other Expenses	
Depreciation Expense	4,215.77
Total Other Expenses	\$4,215.77
NET OTHER INCOME	\$ -4,088.77

Soup Korner LLC

Profit and Loss

January - December 2022

	TOTAL
NET INCOME	\$19,677.89

EXHIBIT B

EXHIBIT B

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Commissioner of Business Oversight
One Sansome Street
Suite 600
San Francisco, CA 94104
Tel: (415) 972-8559
Fax: (415) 972-8590
Toll Free: (866) 275-2677

CONNECTICUT

Department of Banking
Securities and Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103-1800
Tel: (860) 240-8230

FLORIDA

Tom Kenny, Regulatory Consultant
Department of Agriculture & Consumer Services
Division of Consumer Services
P.O. Box 6700
Tallahassee, Florida 32314
Tel: (850) 488-2221
Fax: (850) 410-3804

HAWAII

(for service of process)
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

(state agency)
Department of Commerce &
Consumer Affairs
King Kalakaua Building
335 Merchant Street, Rm 203
Honolulu, Hawaii 96813
Tel: (808)586-2722
Fax: (808) 587-7559

ILLINOIS

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

INDIANA

(for service of process)
Indiana Secretary of State
201 State House
Indianapolis, Indiana 46204

(state agency)
Securities Commissioner
Indiana Secretary of State
Securities Division, Franchise Section
302 West Washington Street,
Room E-111
Indianapolis, Indiana 46204
Tel: (317) 232-6681

IOWA

Dennis Britson
Director of Regulated Industries Unit
Iowa Securities Bureau
340 Maple
Des Moines, Iowa 50319-0066
Tel: (515) 281-4441
Fax: (515) 281-3059

MARYLAND

(for service of process)
Maryland Securities Commissioner
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

(state agency)
Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020
Tel: (410) 576-6360

MICHIGAN

(for service of process)

Michigan Department of Consumer and Industry Services
Bureau of Commercial Services
Corporations Division
PO Box 30054
Lansing, Michigan 48909
Tel: (517) 241-6470

MICHIGAN

(state agency)

Department of the Attorney General
Consumer Protection Division
Antitrust and Franchise Section
670 Law Building
Lansing, MI 48913
Tel: (517) 373-7117

MINNESOTA

Commissioner of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101-2198
Tel: (651) 539-1600

NEBRASKA

Gene Schenkelberg, Securities Analyst
Department of Banking & Finance
1200 N. Street, Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509
Tel: (402) 417-3445

NEW YORK

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

TEXAS

Statutory Document Section
Secretary of State
1719 Brazos
Austin, Texas 78701
Attn: Dorothy Wilson
Tel: (512) 475-1769

NEW YORK

(state agency)

Office of the Attorney General
Investor Protection Bureau
28 Liberty Street, 15th Floor
New York, NY 10005
Tel: 212-416-8222

NORTH DAKOTA

(for service of process)

North Dakota Securities Commissioner
North Dakota Securities Department
600 East Boulevard, 5th Floor
Bismarck, North Dakota 58505-0510

(state agency)

North Dakota Securities Department
600 East Boulevard, 5th Floor
Bismarck, North Dakota 58505-0510
Tel: (701) 328-2910

OREGON

Director, Department of Consumer &
Business Services
Division of Finance & Corporate
Securities
Labor and Industries Building
Salem, Oregon 97310
Tel: (503) 378-4140
Fax: (503) 947-7862
Email: dcbs.dfcsmail@state.or.us

RHODE ISLAND

Director
Securities Division
Department of Business Regulation,
Building 69, First Floor
John O. Pastore Center
1511 Pontiac Avenue,
Cranston, Rhode Island 02920
Tel: (401) 462 9582

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

UTAH

Director, Division of Consumer Protection
Utah Dept. of Commerce
160 East Three Hundred South
SM Box 146704
Salt Lake City, Utah 84114-6704
Tel: (801) 530-6601
Fax: (801) 530-6001

VIRGINIA

(for service of process)
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

(state agency)

Director
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
Tel: (804) 371-9051

WASHINGTON

(for service of process)
Administrator
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

WASHINGTON

(state agency)
Administrator
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
Tel: (360) 902-8760
Fax: (360) 902-0524

WISCONSIN

Commissioner of Securities
Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701-1768
Tel: (608) 266-2801

EXHIBIT C

EXHIBIT C - RECEIPT

This Disclosure Document summarizes provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Soup Korner, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York, Oklahoma and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise agreement, or other agreement, or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon and Wisconsin require that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise agreement, or other agreement, or the payment of any consideration, whichever comes first.

If Soup Korner, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to The Federal Trade Commission, Washington D.C. 20580 and the appropriate State Agency identified on Exhibit B.

The franchisor is Soup Korner, LLC located at 1803 North Main Street, West Bend, Wisconsin 53090.

Issuance Date: May 28, 2024. The effective date in each state is listed on the State Cover Page. Soup Korner, LLC authorizes the agents listed in Exhibit B to receive service of process for it.

I have received a Franchise Disclosure Document dated May 28, 2024. This Disclosure Document included the following Exhibits:

- A Financial Statement
- B List of State Administrators and Agents for Service of Process
- C Receipt
- D Franchise Agreement

(Print Name) (Signature)

Date

Please sign this copy of the receipt, date your signature, and return this form to us as described in Item 23.

EXHIBIT D

FRANCHISE AGREEMENT

In a number of places in this Franchise Agreement, you are asked to initial certain items to show that they have been fully discussed with you, and read, understood and agreed to by you. Initialing those areas does not lessen the importance of other areas or mean they are not fully enforceable.

This Soup Korner Franchise Agreement (this “Agreement”) is entered into as of the ____ day of _____, 20__ between: (i) Soup Korner, LLC a Wisconsin limited liability company, doing business as “Soup Korner” (“Franchisor”) and (ii) _____, or his/her/their assignee, if a partnership, corporation or limited liability company is later formed (“Franchisee”), upon the following terms, conditions, covenants and agreements:

RECITALS

- A. Franchisor owns and has developed and administers a system and franchise opportunity, including various specialty soup and sandwich recipes, menu options, trade secrets, copyrights, confidential and proprietary information and other intellectual property rights (collectively, the “System”) for the establishment and operation of cafés serving specialty soups and sandwiches and other menu options (each, a “Store”), which operate utilizing Franchisor’s then-current proprietary trademarks, service marks, trade names, logos, taglines that Franchisor designates and has the right to supplement, substitute and/or otherwise modify from time to time (collectively, the “Marks”).
- B. The System includes the Marks and trade secrets, proprietary methods and information and procedures for the establishment and operation of Soup Korner Stores, including, without limitation, confidential training methods, equipment, marketing, advertising and sales promotions, cost controls, accounting and reporting procedures, personnel management, distinctive interior design and display procedures, Marks and other indicators of source such as color schemes and décor that are used in a typical Store (collectively, the “Trade Dress”).
- C. Franchisor grants to qualified persons who are willing to undertake the required investment and effort, a franchise to own and operate a Soup Korner Store offering: (i) specialty soups and sandwiches, as well as other menu options that Franchisor designates from time to time (collectively, the “Approved Services”); and (ii) certain merchandise and other products Franchisor authorizes for sale in conjunction with the Approved Services and Store operations (collectively, the “Approved Products”), all while utilizing the System and Marks.
- D. Franchisee desires to obtain a franchise to use the System and Marks in the development and operation of a Store at the location specified in this Agreement (the “Franchised Business” or “Store”).
- E. Franchisee has independently investigated the business contemplated by this Agreement, and recognizes that the nature of the business may change over time, that an investment in a franchised Store involves business risks, and that the venture’s success depends primarily upon Franchisee’s business abilities and efforts.

NOW, THEREFORE, in consideration of the foregoing, the fees and other sums payable by Franchisee and of the mutual covenants contained in this Agreement, the parties agree as follows:

1. GRANT OF FRANCHISE; LOCATION

1.1 **Grant.** Franchisee represents and agrees at all times to faithfully, honestly and diligently perform its obligations under this Agreement and to use Franchisee’s best efforts to promote the then-current Approved Services, Approved Products and the Franchised Business. In material reliance on the foregoing representation and agreement, Franchisor grants to Franchisee the non-exclusive right and license to:

A. Establish and operate a single Store utilizing only the System and the Marks, at a location that has been authorized by Franchisor (the “Authorized Location”), in accordance with the provisions and for the term specified in this Agreement;

B. Use only the Marks of Franchisor under the terms of this Agreement to identify and promote the Store offered hereunder; and

C. Use the proprietary recipes, ingredients, methods and know-how, as set forth periodically in Franchisor’s operations manual, other manuals, training programs, or otherwise communicated to Franchisee.

1.2 **Site Approval Process.** Franchisor will, as it determines appropriate, assist Franchisee in connection with site selection by: (i) providing Franchisee with its then-current site selection criteria, to the extent such criteria has been reduced to writing; and (ii) providing Franchisee with access to a local real estate broker that is familiar with Franchisor’s confidential site evaluation criteria, to the extent Franchisor has established relationships with such brokers in or around the Designated Market Area (as defined in Section 1.3 below). Franchisor will use commercially reasonable efforts to approve or reject a proposal for an Authorized Location within 30 days of the date Franchisor receives all reasonably-requested information regarding the proposed site. Franchisor’s approval of the proposed site shall be deemed to be a binding addendum to this Agreement upon Franchisor and Franchisee’s execution of Exhibit 1, which is attached hereto and incorporated herein by reference, and which will set forth the Authorized Location. Franchisor agrees not to unreasonably withhold approval of a site that meets its site criteria. Franchisee acknowledges that Franchisor’s approval of a proposed site is permission only and not an assurance or guaranty to Franchisee of the availability, suitability or success of a location, and cannot create a liability for Franchisor. While Franchisor will provide site selection assistance as specified in Section 6.1 herein, Franchisee alone is ultimately responsible for selecting and developing an acceptable location for the Store. Franchisee agrees to hold Franchisor harmless with respect to the selection of the Authorized Location by Franchisee. Franchisee must obtain lawful possession of an Authorized Location by lease, purchase or other method and open for regular, continuous business within six (6) months of the date that Franchisor accepts this Agreement. The opening date may be extended an additional three (3) months in certain instances, as explained in Section 2.2D, below. Franchisor has the right to terminate this Agreement if Franchisee fails to select a site for the Store that meets Franchisor’s approval, within the time period allotted above.

1.3 **Authorized Location; Designated Market Area; Designated Territory.** If the Authorized Location has not been identified at the time this Agreement is signed, Franchisee must identify a site approved by Franchisor within the following geographical area:

 (“Designated Market Area”). Once the Authorized Location for the Store has been identified in the Authorized Location Addendum, attached hereto as Exhibit 1, Franchisor agrees that, so long as Franchisee is in good standing, neither it nor its affiliates will operate or establish, or authorize another Soup Korner franchisee to operate or establish, a Store using the System or Marks within a certain geographical area surrounding the Authorized Location (“Designated Territory”). The Designated Territory, if any, will be defined in Exhibit 1, hereto and the parties agree and acknowledge that, unless and until Franchisor signs off on a specific Designated Territory in Exhibit 1, Franchisee’s Designated Territory will be the specific Authorized Location from which the Store is operated.

1.4 **Rights Reserved to Franchisor.** Notwithstanding anything contained in this Agreement, Franchisor and its affiliate(s)/parent(s) hereby reserve the exclusive right to: (i) open and operate, and license third parties the right to open or operate, other Stores utilizing the Marks and System outside the Designated Territory; (ii) market, offer and sell products and services similar to those offered by the franchised business and other Stores (such as private label products that Franchisor may develop) through alternate channels of distribution, including without limitation, via the Internet and other e-commerce channels, catalog sales, direct mail or wholesale, at any location; (iii) acquire, or be acquired by, any company, including a company operating one or more businesses offering products or services similar to those offered by a Store, located within or outside your Designated Territory, and

subsequently operate (or license a third party the right to operate) these locations; (iv) open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the franchised business under marks other than the Marks at any location; and (v) use, and license others the right to use, the Marks and System to engage in any other activity not expressly prohibited by this Agreement.

I have read Article 1, understand it, and agree to comply with each of its Sections.
Your Initials: _____ / _____

2. ACCEPTANCE BY FRANCHISEE

2.1 **Acceptance by Franchisee.** Franchisee accepts this Agreement and the license granted herein and agrees to develop and operate the Store on the terms and conditions specified herein. Franchisee agrees to follow the System requirements in the operation of its Store, including, without limitation, its facilities, staff, advertising, operations, and all other aspects of Franchisor’s business and the System now in effect and changed periodically. Franchisee (or, if Franchisee is an entity, one of its operating principals) and its proposed Designated Manager (as defined in Section 5.5B of this Agreement) must attend and complete the appropriate training to Franchisor’s satisfaction, as set forth in Section 6.3 of this Agreement.

2.2 **Conditions.** The rights being licensed herein are subject, without limitation, to the following conditions:

A. Franchisee’s business and the Store shall be identified only by those Marks approved in writing by Franchisor with at least one exterior sign as designated by Franchisor.

B. Concurrently, with the signing of this Agreement, Franchisee must execute a personal guaranty in the form attached hereto as Exhibit 4 (“Personal Guaranty”). In the event Franchisee is a legal entity having more than one owner, all owners, shareholders, partners, joint venturers, and any other person who directly or indirectly owns a 10% or greater interest in Franchisee (the "Owners") must execute the Personal Guaranty. Any person or entity that at any time after the date of this Agreement becomes an Owner, pursuant to Section 14 or otherwise, shall, as a condition of becoming an Owner, execute Franchisor’s then-current form of Personal Guaranty.

C. Franchisee shall submit the lease for the Store to Franchisor for its written consent before Franchisee executes the lease for the Authorized Location. The lease must contain the provisions outlined in Section 7.2 and Exhibit 5 (“Lease Addendum”).

D. Franchisee agrees that it must open the Store for regular, continuous business no later than six (6) months after this Agreement is signed by Franchisor. If, through no fault of Franchisee, the Store has not opened after six (6) months, Franchisor may agree in writing to provide Franchisee with an additional three (3) months to open its Store if Franchisee (a) has already secured an approved premises for its Store, and (b) is otherwise making diligent and continuous efforts to buildout and otherwise prepare its franchised business for opening throughout the six (6) month period following the execution of this Agreement.

E. Franchisee agrees at all times to comply with the standards, operating systems, and other aspects of the System (collectively, the “System Standards”) prescribed by Franchisor, which are subject to change at Franchisor’s discretion.

I have read Article 2, understand it, and agree to comply with each of its Sections.
Your Initials: _____ / _____

3. TERM AND RENEWAL

3.1 **Term.** The term of this Agreement shall be for a period of four (4) years beginning on the date this Agreement is accepted by Franchisor, unless sooner terminated under Section 15. The conditions to obtain a renewal Soup Korner franchise agreement are those stated below in Section 3.2.

3.2 **Renewal.** Unless terminated at an earlier date, upon the expiration of the initial term, Franchisee shall have the right to renew this Agreement for four (4) consecutive additional five (5) year terms, subject to satisfaction of each of the following conditions:

A. Prior to each such renewal, Franchisee shall execute Franchisor's standard form of franchise agreement being offered at the time of each such renewal. The provisions of each such renewal franchise agreement may differ from and shall supersede this Agreement in all respects, including, without limitation, changes in royalty and advertising fees, except that Franchisee shall pay the renewal fee specified in Section 3.2.F., instead of the initial franchise fee. Franchisee's failure or refusal to execute and return Franchisor's then-current standard form Franchise Agreement to Franchisor within thirty (30) days after receipt by Franchisee shall constitute Franchisee's election not to renew;

B. Franchisee shall demonstrate that it has the right to remain in possession of the Authorized Location for the duration of the renewal term, or that it has been able to secure and develop an alternative site acceptable to Franchisor;

C. In consideration of each such renewal of the franchise, Franchisee shall execute a general release in the form and substance satisfactory to Franchisor, releasing any and all claims against Franchisor and its affiliates, officers, directors, employees and agents;

D. Franchisee shall have completed or made arrangements to make, at Franchisee's expense, such renovation and modernization of the Store, including the interior and exterior of the building, grounds, leasehold improvements, signs, furnishings, fixtures, equipment, surveillance cameras, and decor as Franchisor reasonably requires so the Store conforms with the then-current standards and image of Franchisor;

E. Franchisee, during the term of this Agreement, shall have substantially complied with all of the provisions of this Agreement and all other agreements with Franchisor, and shall be in compliance with Franchisor's policies, standards and specifications on the date of the notice of renewal and at the expiration of the initial term;

F. Franchisee shall pay to Franchisor a renewal fee equal to \$2,000; and

G. Franchisee shall have given Franchisor written notice of renewal no less than 90 days or more than 180 days before expiration of the initial term.

3.3 **Franchisor's Refusal to Renew Franchise.** Franchisor may refuse to renew the franchise if Franchisee is in default under this Agreement, or any other agreement with Franchisor or an affiliate of Franchisor, or if Franchisee fails to satisfy any of the foregoing conditions. Subject to the above, Franchisor will not unreasonably deny renewal of a Franchise.

3.4 **Notice of Expiration Required by Law.** If applicable law requires that Franchisor give a longer period of notice to Franchisee than herein provided prior to the expiration of the initial term or any additional term, Franchisor will give such additional required notice. If Franchisor does not give such required additional notice, this Agreement shall remain in effect on a month-to-month basis until Franchisee has received such required notice.

I have read Article 3, understand it, and agree to comply with each of its Sections.

Your Initials: _____ / _____

4. TRADEMARK STANDARDS

4.1 **Name and Ownership.** Franchisee acknowledges the validity of the Mark Soup Korner and all other Marks that now or in the future are or will be part of the System and agrees and recognizes that the Marks are the sole and exclusive property of Franchisor and/or the affiliates of Franchisor. Franchisee further acknowledges that Franchisee's right to use the Marks is derived solely from this Agreement and is limited to the conduct of a Store pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by Franchisor from time to time. Any unauthorized use of the Marks by Franchisee shall be a breach of this Agreement and an infringement of the rights of Franchisor and its affiliates. Franchisee's use of the Marks inures to the benefit of Franchisor, which owns all goodwill now and hereafter associated with the Marks. Franchisee agrees not to contest ownership or registration of the Marks. Franchisor (and/or its affiliates) owns all right, title and interest in and to the Marks, and Franchisee has and acquires hereby only the qualified license granted in this Agreement. Franchisor agrees to indemnify Franchisee from any claims, costs or fees associated with Franchisee's authorized use of the Marks in connection with the franchised business, subject to the requirement that Franchisor be immediately notified of any third party challenge to Franchisee's authorized use of any Mark under this Agreement, and Franchisor has the right to control any related litigation.

4.2 **Use.**

A. Franchisee shall not use any Mark as part of any corporate or business name with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. Franchisee shall display and use the Marks only in the manner and form prescribed or authorized by Franchisor and shall conduct no other business than that prescribed by Franchisor. Franchisee shall not use any other mark, name, commercial symbol or logotype in connection with the operation of the Store and shall not market any product relating to the Store without Franchisor's written consent, and if such consent is granted, such product must be marketed in a manner acceptable to Franchisor. Franchisor may also permit Franchisee to use from time to time other trademarks, service marks, trade names and commercial symbols as may be designated by Franchisor in writing.

B. Franchisee agrees to give such notices of trademark and service mark registrations and copyrights as Franchisor specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law.

C. Franchisee is prohibited from using the Marks in advertising, promotion or otherwise, without the appropriate "©" or "®" (copyright and registration marks) or the designations "TM" or "SM" (trademark and service mark), where applicable.

4.3 **Litigation.** Franchisee agrees to notify Franchisor immediately in writing if it becomes aware that any person who is not a licensee of Franchisor is using or infringing upon any of the Marks. Franchisee may not communicate with any person other than Franchisor and its counsel in connection with any such use or infringement. Franchisor will have discretion to determine what steps, if any, are to be taken in any instance of unauthorized use or infringement of any of its Marks and will have complete control of any litigation or settlement in connection with any claim of an infringement or unfair competition or unauthorized use with respect to the Marks. Franchisee will execute any and all instruments and documents and will assist and cooperate with any suit or other action undertaken by Franchisor with respect to such unauthorized use or infringement such as by giving testimony or furnishing documents or other evidence. Franchisor will be responsible for legal expenses incurred by Franchisor in connection with any litigation or other legal proceeding involving such third party. Franchisor

shall not be liable for any legal expenses of Franchisee unless (a) pre-approved in writing by Franchisor in its discretion, and (b) the action proceeds or arises out of Franchisees authorized use of the Marks hereunder.

4.4 **Modification, Discontinuance or Substitution.** Franchisor reserves the right, if necessary in Franchisor’s sole judgment, to change the principal Mark(s) of the System on a national or regional basis, and upon reasonable notice, Franchisee shall at its expense adopt a new principal Mark(s) designated by Franchisor to identify the Store. Franchisor shall have no liability or obligation whatsoever with respect to Franchisee’s change of any Mark.

4.5 **Franchisor’s Revenues.** Franchisor and its affiliates may offer to sell to Franchisee at a reasonable profit various goods and services, and reserve the right to receive fees or other consideration in connection with sales promotion and advertising programs associated with the Marks or from System vendors.

I have read Article 4, understand it, and agree to comply with each of its Sections.
Your Initials: _____ / _____

5. FEES

5.1 **Initial Franchise Fee.** Franchisee agrees to pay Franchisor an initial franchise fee in the sum of Thirty Thousand Dollars and No Cents (\$30,000) for a single Store upon execution of this Agreement (the “Initial Franchise Fee”) in the form of a cashier’s check or bank wire. The Initial Franchise Fee shall be fully earned by Franchisor upon payment and is not refundable under any circumstance.

5.2 **Royalty Fee.** Beginning on the day the Store starts generating revenue from its business operations, and continuing during the Term of this Agreement, Franchisee agrees to pay Franchisor, monthly, without setoff, credit or deduction of any nature, a royalty fee equal to five percent (5%) of the Gross Sales (as that term is defined in Section 5.3, below) generated by the Store over the immediately preceding month (the “Royalty” or “Royalty Fee”).

5.3 **Gross Sales.** Gross Sales means the total revenue generated by the Store, including all revenue generated from the sale and provision of any and all gift cards and other approved products and services at or through the Store and all proceeds from any business interruption insurance related to the non-operation of the Store, whether such revenues are evidenced by cash, check, credit, charge, account, barter or exchange. “Gross Sales” does not include any sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto.

5.4 **Initial FFE Package; Opening Inventory Package.**

A. Prior to opening the Store governed by this Agreement, Franchisee must purchase: (i) an initial package of furniture, fixtures and equipment that is designed to provide Franchisee with certain items needed in connection with outfitting, equipping and otherwise building out the Store (the “Initial FFE Package”); and (ii) opening inventory comprised of certain branded and other inventory that may be resold at the Store (the “Opening Inventory Package”). Over the term of this Agreement, Franchisee will be responsible for (a) maintaining and/or replacing the items comprising the Initial FFE Package, and (b) maintaining certain levels of inventory with respect to those items comprising the Opening Inventory Package, as set forth more fully in this Agreement.

B. Franchisee further agrees to install at its expense and use the Store management software that Franchisor designates, which may be used for functions such as accounting, cost control, point of

sale (“POS”) and inventory control systems, and acquire such software from the supplier that Franchisor designates. The designated or approved supplier(s) for these services will be updated as changes are made. Over the term of this Agreement, Franchisee will also be required to pay Franchisor’s then-current designated provider for the software that Franchisor prescribes for use in connection with the Store (each, a “Software Fee”), which may be modified upon reasonable written notice to Franchisee.

5.5 **Technology Fee.** Franchisor reserves the right to charge Franchisee its then-current technology fee (the “Technology Fee”) as consideration for certain technology-related services that Franchisor may determine to pay for all or some portion of as part of the System, which may include: (a) website development and hosting, (b) establishing a System-wide intranet or other type of website portal for the System (a “Website Portal”) of any kind, (c) proprietary or customized software licensed by Franchisor or its affiliates to assist with the day-to-day operations of the Store, and/or (d) any other technology that Franchisor determines appropriate, in its discretion, for use in connection with your franchised business and determines to provide as part of the Technology Fee. Franchisor may establish, commence implementing and modify the Technology Fee upon thirty (30) days’ written notice to Franchisee.

5.6 **Training-Related Fees.**

A. *Generally.* As described more fully in this Agreement, Franchisee and certain of its personnel will: (i) be required to attend and complete certain initial training before the Store can open for operations, as well as certain ongoing training, as described more fully in Section 6 of this Agreement; and (ii) if Franchisor determines necessary and appropriate in its discretion, be required to participate in certain kinds of additional training or on-site assistance, subject to the availability of Franchisor’s training personnel.

B. *Soup Korner On-Site Initial Training.* Franchisees must attend initial on-site training prior to the Store opening for operations. The On-Site Initial Training consists of one (1) Soup Korner Authorized Trainer providing on-site guidance and instructions to the Franchisee at the Store. The On-Site Initial Training shall consist of two (2) weeks with one (1) trainer. Franchisee agrees and acknowledges that Franchisee is responsible for covering all costs and expenses associated with sending each Soup Korner Authorized Trainer to the Store for training purposes.

C. *Additional Training.* In the event Franchisee requests training in addition to the five (5) days of On-Site Initial Training, Franchisee may request Additional Training from Franchisor. Franchisor, in its discretion, may schedule Additional Training with the Franchisee. Franchisee acknowledges that Franchisee is responsible for covering all costs and expenses associated with the Additional Training. Additionally, there may come a time when Franchisor determines, in its discretion and based upon the performance of the Store, that Franchisee requires Additional Training. In this event, Franchisor and Franchisee shall schedule Additional Training at the Store. Franchisee acknowledges that Franchisee is responsible for covering all costs and expenses associated with the Additional Training.

5.7 **Other Amounts Due in Connection with Franchised Business.** Franchisee will also be responsible for timely payment of any other required fees or amounts necessary to purchase marketing materials, inventory or other supplies from Franchisor or its affiliates described in this Agreement.

5.8 **Electronic Transfer; Right to Modify Collection Interval.**

A. The Royalty Fee as well as any other fees owed to Franchisor or its affiliates under this Section 5 or otherwise in connection with the franchised business, will be automatically debited from Franchisee’s point-of-sale operating account administered by the designated supplier of point-of-sale services on a monthly basis throughout the Term, unless Franchisor provides reasonable written notice that Franchisor is modifying the collection interval (e.g., notifying Franchisee that Franchisor will be collecting Royalty Fee and other recurring amounts due on a weekly rather than monthly basis, with such weekly fees based on the Gross Sales of the Store

over the preceding calendar week).

B. All amounts due to Franchisor for the purchase of products, services or otherwise are due upon receipt of an invoice from Franchisor. Any payment or report not actually received by Franchisor on or before the due date is overdue.

C. Franchisee agrees to complete and execute an “Electronic Funds Transfer Agreement” (attached as Exhibit 2 to this Agreement) and any other form, including, without limitation, an “Electronic Debit Authorization” (attached as Exhibit 3 to this Agreement) for the purpose of authorizing an electronic debit, and to submit any information required by Franchisor for such authorization.

D. Franchisee is required to use only the POS system provided by the designated supplier and will pay the designated provider directly for all fees associated with the use of the designated provider’s software. Franchisee is not allowed to use an unapproved external terminal to process transactions.

5.9 **Interest and Late Charges.** Amounts due to Franchisor (except interest on unpaid amounts due) not paid when due shall bear interest from the date due until paid at the lesser of one and one-half percent (1.5%) per month, or the highest rate of interest allowed by law. Franchisor may also recover its reasonable attorneys’ fees, costs and other expenses incurred in collecting amounts owed by Franchisee.

I have read Article 5, understand it, and agree to comply with each of its Sections.
Your Initials: _____ / _____

6. FRANCHISOR SERVICES

6.1 **Site Selection and Lease Negotiations.** Although Franchisor will provide the site selection assistance described in Section 1.2 of this Agreement, Franchisee is solely responsible for locating, obtaining and evaluating the suitability and prospects of the Store location, for the review and negotiation of its lease, and for hiring an attorney or other advisor to review and help negotiate the lease. The Authorized Location must meet Franchisor’s then-current System standards and specifications, as set forth by Franchisor. Franchisor reserves the right to charge a reasonable fee for performing any Franchisee-requested on-site evaluation to cover incurred expenses, including, but not limited to, travel, lodging, meals and wages. Franchisor agrees not to unreasonably withhold approval of a site that meets its site criteria, including the specific lease-related conditions described in this Agreement.

6.2 **Unit Development.** Franchisor shall consult and advise Franchisee on the proper display of the Marks, layout and design, procurement of equipment, furniture, fixtures, surveillance cameras with audio, initial inventories, recruiting personnel, and managing construction or remodeling of the Store. After Franchisee has executed a lease for the Authorized Location, Franchisor shall deliver to Franchisee specifications and standards for building, equipment, furnishings, fixtures, surveillance cameras with audio, layout, design and signs relating to the Authorized Location and shall provide reasonable consultation in connection with the development of the Store. Franchisee’s architect must make any layout, design and specifications provided by Franchisor site-specific. Franchisee agrees to make no changes, alterations or modifications whatsoever to the selected layout and design without obtaining prior written consent from Franchisor.

6.3 **Training Requirements and Remedies.** As discussed more fully in Section 5.6, Franchisee agrees and acknowledges that it must comply with the On-Site Initial Training and any other Additional Training as deemed necessary by the Franchisor. If Franchisee fails to successfully complete the applicable training required by this Section and Section 5.6 before the time Franchisee is required to open the Store hereunder, Franchisor may terminate this Agreement upon written notice to Franchisee. Franchisor, as part of its right to inspect and audit the operations of the franchised business on an ongoing basis, may require that Franchisee demonstrate that all

employees of Franchisee are sufficiently competent and trained to provide services as a franchised business and, if appropriate, require Additional Training at Franchisee's sole expense. If Franchisor determines that Additional Training is necessary and Franchisee fails or refuses to comply with its obligation to schedule Additional Training, Franchisor reserves the right to charge Franchisee its then-current penalty fee ("Penalty Fee") for each day that Franchisee fails or refuses to comply.

6.4 **Operations Manual.** Franchisor will grant Franchisee online access to an electronic version of the Manual during the term of this Agreement. The Manual is anticipated to codify existing mandatory and suggested specifications, standards and operating procedures currently prescribed by Franchisor. Franchisee acknowledges that Franchisor may from time to time revise its Systems as well as the contents of the Manual, and Franchisee agrees to comply with each new or changed standard and specification upon notice from Franchisor. The Manual shall remain the sole property of Franchisor and shall be kept confidential by Franchisee both during the Term of this Agreement and subsequent to the termination, expiration, or non-renewal of this Agreement. If Franchisee, intentionally or otherwise through its gross negligence, compromises the secure access to the online version of the Manual (or any hard copy of the Manual), including, but not limited to, allowing unauthorized users access to the Manual and its confidential contents, Franchisee will be required to pay Franchisor liquidated damages in the amount of \$10,000, to compensate Franchisor for the breach and related damage to the System.

6.5 **Continuing Services.** Franchisor shall provide such continuing advisory assistance and information to Franchisee in the development and operation of the Store as Franchisor deems advisable in its discretion. Such assistance may be provided, in Franchisor's discretion, by Franchisor's directives, System bulletins, meetings and seminars, telephone, computer, e-mail, fax, personal visits, newsletters or manuals.

6.6 **Approved Lists.** Franchisor shall provide and from time to time, add to, alter or delete, at Franchisor's discretion, lists of specifications, approved distributors and suppliers, approved services and products, including, but not limited to, equipment and ingredients, and other materials and supplies used in the operation of the Store. Franchisor, or an affiliate of Franchisor, may be a designated or approved supplier of certain equipment, ingredients, merchandise, apparel and supplies.

6.7 **Pricing.** Franchisor has developed an image that is based in part on affordable prices for the products it offers by the System. To promote a consistent consumer experience, and to maximize the value of the products and services Stores offer, Franchisor may require fixed minimum prices for any products or services offered by the System and Franchisee. Franchisee is obligated to use the pricing required by Franchisor, unless Franchisor consents to changes in local pricing offered by Franchisee in order to (i) allow Franchisee to respond to unique, local, marketing conditions, competition, or expenses; or (ii) comply with changes or interpretations in state or federal anti-trust laws. Consistent with state or federal law, Franchisor reserves the right to change or eliminate its pricing program in the future, or to move from a required to recommended pricing structure.

6.8 **Grand Opening Marketing Assistance.** Franchisor will consult and advise Franchisee on the advertising, marketing and promotion for the grand opening of the Store, as Franchisor deems appropriate in its discretion.

I have read Article 6, understand it, and agree to comply with each of its Sections.

Your Initials: _____ / _____

7. FACILITY STANDARDS, LEASE AND CONSTRUCTION

7.1 **Facility Specifications.** Franchisee's Store shall meet the following conditions:

A. The Store shall be laid out, designed, constructed or improved, equipped and furnished in accordance with Franchisor's standards and specifications. Equipment, furnishings, fixtures, surveillance cameras with audio, decor and signs for the Store shall be purchased from suppliers approved or designated by Franchisor. Franchisee may remodel or alter the Store, or change its equipment, furniture or fixtures, only with Franchisor's consent. Franchisee must obtain necessary permits, licenses and other legal or architectural requirements. The Store shall contain or display only signage that has been specifically approved or designed by Franchisor.

B. The Store and all equipment shall be maintained in accordance with standards and specifications established by Franchisor or prescribed after inspection of the Store. Franchisee shall promptly repair or replace defective or obsolete equipment, signage, fixtures or any other item of the interior or exterior that is in need of repair, refurbishing or redecorating in accordance with such standards established (and updated from time to time) by Franchisor or as may be required by Franchisee's lease.

C. Franchisee agrees and acknowledges that: (i) the System will evolve; (ii) the specialty soups and sandwiches industry must respond to new fads, new products, new ingredients, new equipment, and new training techniques; and (iii) the System must change to meet customer demands. Franchisee further understands that equipment wears out, breaks down, or becomes obsolete. Consequently, from time to time, as Franchisor requires, Franchisee must modernize and/or replace items of the Trade Dress or Store equipment as may be necessary for the Store to conform to the standards for new Stores. Further, Franchisee will be required to thoroughly modernize or remodel the Store when requested by Franchisor, but no more than once every 5 years. This may include replacing equipment, fixtures, and products and other updates and improvements. Franchisee acknowledges that this obligation could result in Franchisee making extensive structural changes to, and significantly remodeling and renovating the Store, and Franchisee agrees to incur, without limitation, any capital expenditures required in order to comply with this obligation and Franchisor's requirements. Within 60 days after receiving written notice from Franchisor, Franchisee shall have plans prepared according to the standards and specifications that Franchisor prescribes and Franchisee must submit those plans to Franchisor for its approval. Franchisee agrees to complete all work according to the plans that Franchisor approves within the time period that Franchisor reasonably specifies and in accordance with this Agreement. Franchisor, or its Affiliate, will hold themselves, and the Stores they operate (if any) to the same high standard, and same frequency for replacement and renovation as is expected of Franchisee.

D. The Store shall contain signage prominently identifying Franchisee by name as an independently owned and operated franchisee of Franchisor.

E. The Store must have a surveillance camera with audio purchased from a designated approved supplier installed at the Store. The camera(s) must be web accessible. The camera(s) will be used by Franchisee to monitor performance, quality assurance and safety. Franchisor has an absolute right to also review and monitor the camera(s) for the same purposes as Franchisee, and to ensure compliance with the System. Franchisee is responsible for ensuring customer consent and for any failure to obtain such consent. Franchisee agrees to indemnify Franchisor for any breaches of privacy from Franchisee's use of any surveillance camera.

7.2 **Lease.** Franchisee is solely responsible for purchasing or leasing a suitable site for the Store. Franchisee must utilize a qualified retail real estate attorney to review and negotiate the lease for the Store. Franchisee must submit the lease for the Store to Franchisor for review before Franchisee executes the lease for the Authorized Location for purposes of confirming compliance with this Section and Franchisor's other site selection criteria. Franchisor will not withhold consent arbitrarily; however, any lease must contain substantially the following provisions: (1) "The leased premises will be used only for the operation of a Soup Korner Franchise;" (2) "The employees of Franchisor will have the right to enter the leased premises to make any modifications necessary to protect the System and proprietary marks thereof;" (3) "Lessee agrees that Lessor may, upon request of Franchisor disclose to said Franchisor all reports, information or data in Lessor's possession with respect to sales made in, upon or from the leased premises;" and (4) a conditional assignment clause to be contained in a lease rider in a

form approved by Franchisor, which shall provide that Franchisor (or its designee) may, upon termination, expiration, non-renewal or proposed assignment of this Agreement, at Franchisor's sole option, take an assignment of Franchisee's interest thereunder, without the consent of the Lessor or property owner, without liability for accrued obligations, payment of additional consideration or increase in rent, and at any time thereafter, reassign the lease to a new franchisee. Franchisor's execution of this Agreement is conditioned upon the (a) above-referenced lease addendum in the form attached hereto as Exhibit 5 ("Lease Addendum") or a lease that otherwise incorporates the terms of said Lease Addendum being signed by Franchisee and the landlord/lessor of the Authorized Location. Franchisee acknowledges that it has been advised to have any lease reviewed by Franchisee's own legal counsel.

7.3 **Unit Development.** Franchisee agrees that after obtaining possession of the Authorized Location, Franchisee will promptly, at Franchisee's sole expense:

- A. Obtain any standard plans and/or specifications from Franchisor;
- B. Employ a qualified licensed architect, as required by state or local codes, to prepare all drawings, designs, plans and specifications for the Store, and submit same to Franchisor for review and approval prior to commencing construction;
- C. Complete the construction or remodeling of the Store in full and strict compliance with plans and specifications approved by Franchisor, and in compliance with all applicable ordinances, building codes and permit requirements;
- D. Purchase or lease, in accordance with Franchisor's standards and specifications, all equipment, fixtures, inventory, supplies and signs required for the Store;
- E. Hire and train the initial operating personnel according to Franchisor's standards and specifications; and
- F. Complete development of and have the Store open for business not later than six (6) months (or nine (9) months in the event the 3-month extension has been granted) after the date that Franchisor accepts this Agreement.

7.4 **Franchisee's Responsibility.** Although Franchisor may provide Franchisee with various standard or sample plans and specifications with respect to constructing and equipping the Store, it is Franchisee's sole responsibility to construct and equip the Store in compliance with all applicable federal, state and local laws and regulations, including, without limitation, all building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health laws, sanitation laws, Americans with Disabilities Act and all other requirements that may be prescribed by any federal, state or local governmental agency. Franchisee further acknowledges and agrees that Franchisee is, and will continue to be at all times during the Term, solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Store, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. Franchisee's employees must be competent, conscientious, and properly trained. Franchisee acknowledges that nothing in this Agreement shall, or may be construed to, create any type of employer or joint employer relationship between (a) Franchisee or any of Franchisee's personnel, and (b) Franchisor in any matter.

I have read Article 7, understand it, and agree to comply with each of its sub-sections.

Your Initials: _____ / _____

8. STORE IMAGE AND OPERATING STANDARDS

8.1 **Compliance.** Franchisee acknowledges and agrees that every detail regarding the appearance and operation of the Store is important to Franchisor, Franchisee, the System and other Soup Korner franchisees in order to maintain high and uniform operating standards, to increase demand for the classes sold by all franchisees, and to protect Franchisor's reputation and goodwill, and, accordingly, Franchisee agrees to comply strictly at all times with the requirements of this Agreement and Franchisor's standards and specifications relating to the appearance or operation of the Store. Franchisee acknowledges that other Stores may operate under different forms of agreement with Franchisor, and that the rights and obligations of the parties to other agreements may differ from those hereunder.

8.2 **Franchisor's Right to Inspection.** To determine whether Franchisee is complying with this Agreement and Franchisor's standards and specifications, Franchisor reserves the right to supervise, determine and approve the standards of appearance, quality and service pertinent to the Store including, without limitation, the right at any reasonable time and without prior notice to Franchisee to: (1) inspect and examine the business premises, equipment, facilities and operation of the Store in person or by web accessible surveillance cameras with audio, which are required to be installed in each Store; (2) interview Franchisee and Franchisee's employees, including any independent contractors; (3) interview Franchisee's members and customers, suppliers and any other person with whom Franchisee does business; (4) confer with members and staff of government agencies with authority over Franchisee about matters relevant to the Store; and (5) use "mystery shoppers," who may pose as customers and evaluate Franchisee and Franchisee's operations.

8.3 **Personnel.** Franchisee agrees to employ in the operation of the Store only persons of high character and ability who maintain and exhibit traits of enthusiasm, cleanliness, neatness, friendliness, honesty and loyalty, it being recognized by Franchisee that such persons are necessary in order to promote and maintain customer satisfaction and the goodwill of the System. Franchisee agrees to staff the Store at all times with a sufficient number of qualified, competent personnel who have been trained in accordance with Franchisor's standards. Franchisee shall be considered the employer of all employees and independent contractors of the Store. It is the sole responsibility of Franchisee to hire, discipline, discharge and establish wages, hours, benefits, employment policies and other terms and conditions of employment for its employees and independent contractors. Franchisee is responsible for obtaining its own independent legal advice regarding the employment of employees and independent contractors, and complying with any and all applicable laws pertaining thereto. Franchisor shall have no responsibility for the terms and conditions of Franchisee's relationship with Franchisee's employees and/or independent contractors. Franchisee shall engage in no discriminatory employment practices and shall in every way comply with all applicable laws, rules and regulations of federal, state and local governmental agencies, including, without limitation, all wage-hour, civil rights, immigration, employee safety and related employment and payroll related laws. Franchisee shall make all necessary filings with, and pay all taxes and fees due to, the Internal Revenue Service and all other federal, state and local governmental agencies or entities to which filings and payments are required.

8.4 **Products and Services to be Offered for Sale.**

A. *Approved Services and Approved Products Generally.* Franchisee acknowledges that the presentation of a uniform image to the public and the offering of uniform services and products is an essential element of a successful franchise system. In order to ensure consistency, quality and uniformity throughout the System, Franchisee agrees: (i) to sell or offer for sale only the services or products that have been expressly approved for sale by Franchisor; (ii) to sell or offer for sale all services and products required by Franchisor; (iii) not to deviate from Franchisor's standards and specifications; and (iv) to discontinue selling and offering for sale any services or products that Franchisor may, in its discretion, disapprove at any time. Franchisor shall supply Franchisee with a list of suppliers from which Franchisee is required to purchase equipment/accessories, ingredients, products or services for the Store. Franchisor may change this list from time to time, and upon notification to Franchisee, Franchisee shall only purchase equipment/accessories, ingredients, products or services from approved suppliers as specified on the changed list. Franchisor, or an affiliate of Franchisor, may be a

designated or approved supplier of certain equipment, ingredients, merchandise, apparel and supplies. Franchisee agrees to keep the Store and equipment in clean condition, with all equipment well-maintained and operational, and be able at all times during business hours to provide customers with all services and products specified by Franchisor.

B. *Required Use of Approved Suppliers.* Franchisee agrees that: (i) all equipment and ingredients must be purchased exclusively from approved suppliers and must be maintained according to manufacturer or Franchisor specifications, as applicable; and (ii) Franchisee must use a qualified real estate attorney to review and negotiate the lease for the Store. Franchisee acknowledges and agrees that Franchisor is (or may at any time in future become) an approved or designated supplier for certain equipment, products, logo items, signage and artwork, that Franchisor may derive income from the sale of such items, and that the price charged by Franchisor may reflect a profit.

C. *Non-Approved Services, Products or Suppliers.* If Franchisee proposes to offer for sale any other products or service that have not been approved by Franchisor, Franchisee shall first notify Franchisor in writing and submit sufficient information, specifications and samples concerning such product or service for a determination by the Franchisor whether such product or service complies with the Franchisor's specifications and standards and/or whether such supplier meets the Franchisor's approved supplier criteria. Franchisor shall, within ninety (90) days, notify Franchisee in writing whether or not such proposed product or service is approved, as determined in Franchisor's discretion. Franchisor reserves the right to charge Franchisee reasonable costs in connection with Franchisor's review, evaluation and approval of alternative suppliers. These charges may include reimbursement for travel, accommodations, meal expenses, and personnel wages. Franchisor may from time to time prescribe procedures for the submission of requests for approved products or services and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be executed by approved suppliers). Franchisor reserves the right to revoke its approval of a previously authorized supplier, product or service when Franchisor determines in its discretion that such supplier, product or service is not meeting the specifications and standards established by Franchisor. If Franchisor modifies its list of approved products or suppliers and/or services, Franchisee shall not, after receipt in writing of such modification, reorder any product or utilize any supplier, product or service that is no longer approved.

D. *Franchisor Rights.* Franchisee acknowledges and agrees that Franchisor may sell products and services to customers located anywhere, even if such products and services are similar to what Franchisor sells to Franchisee and what Franchisee offers at the Store. Franchisor may use the internet or alternative channels of commerce to sell Soup Korner brand products and services. Franchisee may only sell the products and services from the Store's approved location, and may only use the internet or alternative channels of commerce to offer or sell the products and services as permitted by Franchisor. Nothing in the foregoing shall prohibit Franchisee from obtaining customers over the Internet provided Franchisee's internet presence and content comply with the requirements of this Agreement.

E. *Advertising Outside Designated Territory.* Unless Franchisor agrees otherwise, Franchisee may not actively solicit potential customers or otherwise promote the franchised business through any targeted advertising/marketing, outside of the Designated Territory. Nothing in this Agreement, however, shall prohibit Franchisee from servicing customers that contact Franchisee or the Store, regardless of where those customers reside or work.

F. *Penalty Fee.* Franchisor reserves the right to charge its then-current per day Penalty Fee of One Thousand Dollars and No Cents (\$1,000.00) for each day Franchisee offers or sells unauthorized products or services from the Store.

8.5 **Compliance with Laws.** Franchisee agrees to comply with all federal, state and local laws, rules, and regulations and shall as soon as practicable, but in any event prior to the opening for business of the Store, obtain all municipal and state permits, certificates or licenses necessary to operate the Store and shall file

and publish, if required by applicable law, a certificate of doing business (whether under a fictitious name or otherwise). Franchisee acknowledges and agrees that it has the sole responsibility to investigate and comply with any applicable laws in the state where the Store is located that are specific to the operation of a Store of this type. Franchisee shall operate and maintain the Store in strict compliance with all employment laws, building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health and safety laws, sanitation laws, Americans with Disabilities Act and any other requirements that may be prescribed by any federal, state or local governmental agency. Franchisee agrees to immediately provide Franchisor with a copy of any notice received by Franchisee from any state, local or governmental agency pertaining to compliance with any codes or requirements, or the failure to comply with any codes or requirements, at the Store. Franchisee hereby certifies and represents that Franchisee, and any of its affiliates, any of its partners, members, shareholders or other equity owners, and their respective employees, officers, directors representatives or agents, are not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by any Executive Order or the United States Treasury Department as a terrorist, “Specially Designated National and Blocked Person,” or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control. Franchisee hereby agrees to defend, indemnify and hold harmless Franchisor from and against any and all claims, damages, losses, risks, liabilities and expenses (including attorneys’ fees and costs) arising from or related to any breach of the certifications set forth in this paragraph.

8.6 **Operational Efforts.**

A. Franchisee may appoint a Designated Manager to assist in the direct, day-to-day, supervision of the operations of the Store, provided that Designated Manager attended the On-Site Initial Training and all Additional Training, if any, prior to commencing any management responsibilities at the Franchised Business. If Franchisee does not have a Designated Manager, then Franchisee (or its Operating Principal, as applicable) must be on-site at the Store during normal business hours to manage day to day operations.

B. Franchisee agrees to keep Franchisor advised, in writing, of the replacement of any Designated Manager, as necessary, for Franchisor to ensure that all required training under this Agreement is completed.

C. Franchisee agrees to keep the Store open for the hours deemed appropriate by Franchisor.

8.7 **Good Standing.** Franchisee will be considered in “Good Standing” if Franchisee is not in default of any obligation to Franchisor or any of Franchisor’s affiliates, whether arising under this Agreement or any other agreement between Franchisee and Franchisor (or any of Franchisor’s affiliates) or other System requirements.

8.8 **Performance Standards.** Franchisee and Franchisor have a shared interest in the Store performing at or above the System Standards. Franchisor would not have entered into this franchise relationship if Franchisor had anticipated that Franchisee would not meet these Performance Standards.

A. *System Standards.* Franchisor may choose, in its sole discretion, to evaluate the Store for compliance with the System Standards using various methods (including, but not limited to, inspections, field service visits, surveillance camera monitoring, customer comments/surveys, and secret shopper reports.) Franchisee must meet minimum standards for cleanliness, equipment condition, repair and function, and customer service. Franchisee’s employees, including any independent contractors, must meet minimum standards for courteousness and customer service.

B. *Minimum Monthly Gross Revenue Quota.* Unless waived by Franchisor due to unique market conditions, Franchisee must meet a certain Minimum Monthly Gross Revenue Quota. If Franchisee fails to achieve and maintain average monthly gross revenues of \$26,000.00 by the 1st year anniversary of the opening of the Store and average monthly gross revenues of \$30,000.00 by the end of the 2nd year anniversary, and \$35,000 in each

succeeding year thereafter, then Franchisor may institute a corrective training program and/or require Franchisee to perform additional local marketing. If Franchisee fails to meet the Minimum Monthly Gross Revenue Quota for 24 consecutive months at any time during the Term of this Agreement, Franchisor, at its sole discretion, may institute a mandatory corrective training program or terminate this Agreement upon written notice to Franchisee.

I have read Article 8, understand it, and agree to comply with each of its sub-sections.

Your Initials: _____ / _____

9. ADVERTISING AND MARKETING

9.1 Grand Opening and Pre-Opening Marketing; Local Marketing Activities.

A. *Grand Opening and Pre-Opening Marketing.* Franchisee must advertise appropriately in connection with the grand opening and initial launch marketing of the Store prior to and around the time the Store opens, as Franchisor directs.

B. *Local Advertising Requirement.* Franchisee is responsible for local advertising and marketing activities to attract customers to the Store. Franchisee shall expend a reasonable sum on approved local advertising and marketing activities designed to promote the Store within the Designated Territory. Upon Franchisor's written request, Franchisee must provide Franchisor with an accounting of all expenditures made by Franchisee to comply with this Section, along with any invoices or other documentation to support such expenditures.

C. *Advertising Standards.* Franchisee's advertising will be in good taste and conform to ethical and legal standards and our requirements. Franchisor may require Franchisee to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet, World Wide Web or otherwise. Franchisor retains the right to approve or disapprove of such advertising, in its sole discretion. Franchisee agrees not to use any materials or programs disapproved by Franchisor.

D. *Approval.* Franchisor must approve any form of co-branding, or advertising with other brands, products or services, in writing, in advance.

9.2 Social Media Activities. As used in this Agreement, the term "Social Media" is defined as a network of services, including, but not limited to, blogs, microblogs, and social networking sites (such as Facebook, LinkedIn, Twitter, and other platforms similarly situated), video-sharing and photo-sharing sites (such as YouTube and Flickr), review sites (such as Yelp and Urbanspoon), marketplace sites (such as eBay and Craigslist), Wikis, chat rooms and virtual worlds, that allows participants to communicate online and form communities around shared interests and experiences. While it can be a very effective tool for building brand awareness, it can also be devastating to a brand if used improperly. Therefore, Franchisee must strictly follow the Social Media guidelines, code of conduct, and etiquette as set forth by Franchisor. Any use of Social Media by Franchisee pertaining to the Store must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. Franchisor reserves the right to "occupy" any Social Media websites/pages and be the sole provider of information regarding the Store on such websites/pages (e.g., a system-wide Facebook page). At Franchisor's request, Franchisee will promptly modify or remove any online communication pertaining to the Store that does not comply with this Agreement or the guidance provided by Franchisor.

9.3 Franchisee Marketing Group(s) ("Co-Ops"). Franchisor may decide to form one or more associations and/or sub-associations of Soup Korner Stores to conduct various marketing-related activities on a cooperative basis (a "Co-Op"). If one or more Co-Ops (local, regional and/or national) are formed covering Franchisee's area,

then Franchisee must join and actively participate. Each Store will be entitled to one (1) vote, but in order to vote the Store must be in Good Standing. Franchisee may be required to contribute such amounts as are determined from time to time by such Co-Ops.

I have read Article 9, understand it, and agree to comply with each of its Sections.

Your Initials: _____ / _____

10. FINANCIAL REPORTS, AUDITS, COMPUTER SYSTEM AND INSURANCE REQUIREMENTS

10.1 **Records and Reports.** Franchisee shall maintain and preserve for four (4) years or such period as may be required by law (whichever is greater) from the date of their preparation such financial information relating to the Store as Franchisor may periodically require, including without limitation, Franchisee's sales and use tax returns, register tapes and reports, sales reports, purchase records, and full, complete and accurate books, records and accounts prepared in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor. Franchisee agrees that its financial records shall be accurate and up-to-date at all times. Franchisee agrees to promptly furnish any and all financial information, including tax records and returns, relating to the Store to Franchisor on request.

10.2 **Right to Conduct Audit or Review.** Franchisor shall have the right, in its sole determination, to require a review by such representative(s) as Franchisor shall choose, of all information pertaining to the Store including, without limitation financial records, books, tax returns, papers, and business management software programs of Franchisee at any time during normal business hours without prior notice for the purpose of accurately tracking unit and System-wide sales, sales increases or decreases, effectiveness of advertising and promotions, and for other reasonable business purposes. Such review will take place at the Store or Franchisee's head office (if different), or both, and Franchisee agrees to provide all information pertaining to the Store requested by Franchisor during its review. If the review is done because of a failure by Franchisee to furnish reports, supporting records or other required information or to furnish the reports and information on a timely basis, Franchisee shall reimburse Franchisor for all costs of the audit or review including, without limitation, travel, lodging, wage expense and reasonable accounting and legal expense. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or applicable law.

10.3 **Computer System and Software.** Franchisee must acquire a computer for use in the operation of the Store. Franchisee agrees to record all of its receipts, expenses, invoices, customers lists, employee schedules and other business information promptly in the computer system and use the software that Franchisor specifies or otherwise approves. Franchisor reserves the right to change the computer system, and the accounting, business operations, customer service and other software at any time. Data, including names, addresses, contact information, and credit card or payment information of customers of the Store will be captured on the required software, and will become the joint property of Franchisee and Franchisor during the Term of this Agreement. Franchisee will provide Franchisor with any passwords necessary to access the business information for the Store that is stored on the required software and online. Franchisor may use such information to communicate directly to the customers of the Store, and to provide updates, information, newsletters, and special offers to the customers. Franchisee must upgrade and maintain the computer system and software in the Store, as required by Franchisor from time to time, and pay any fees associated with such upgrades. Upon expiration or termination of this Agreement, Franchisee shall have no further access or rights to the customer information and Franchisor shall be the sole owner of such information.

10.4 **Insurance.**

A. Prior to opening the Store for business and throughout the entire term of this Agreement, Franchisee will keep in force at Franchisee’s own expense and by advance payment of the premium, the following insurance coverages:

(1) Workers’ Compensation and Employer’s Liability Insurance as well as such other insurance, with statutory limits, as required by law in the jurisdiction where the franchised business is located. Employers Liability or “Stop Gap” insurance, with limits of not less than \$1,000,000 each accident;

(2) Commercial General Liability Insurance, Occurrence form, including a per location or project aggregate, with the following coverages: owners and contractors protective liability, broad form property damage, contractual liability, severability of interest clause; personal and advertising injury; and products/completed operations; medical payments and fire damage liability; insuring you and us against all claims, suits, obligations, liabilities and damages, including attorneys’ fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from or occurring in the course of, or on or about or otherwise relating to the franchised business including general aggregate coverage in the following limits:

<u>Required Coverage</u>	<u>Minimum Limits of Coverage</u>
General Aggregate	\$5,000,000
Products/Completed Operations Aggregate	\$5,000,000
Personal and Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Participant Legal Liability	\$1,000,000
Professional Liability	\$1,000,000
Employee Benefits Liability (per employee)	\$1,000,000
Employee Benefits Liability (aggregate)	\$2,000,000
Damage to Rented Premises (per occurrence)	\$1,000,000
Medical Expense (any one person)	\$5,000

(3) “ALL RISK” or special form property coverage of no less than current replacement cost of the Store’s equipment, fixtures and leasehold improvements (tenant improvements) sufficient in the amount to restore the Store to full operations. Glass coverage no less than a limit of \$25,000 and sign coverage no less than a limit of \$10,000 in addition to equipment, fixtures and leasehold improvements;

(4) Business interruption insurance with coverage for at least twelve (12) months for actual losses. (For purposes of this Agreement, “Gross Sales” shall include any proceeds received by Franchisee in connection with a “business interruption” insurance claim);

(5) Auto Liability (Hired and Non-owned autos) with a \$1,000,000 Combined Single Limit Each Accident for Bodily Injury and Property Damage, if Franchisee utilizes a vehicle in connection with the operation of the Store; and

(6) Employment Practices Liability with a limit no less than \$1,000,000 per claim and \$1,000,000 aggregate per location. The retention may not exceed \$1,000.

B. All insurance policies must be written by an insurance company licensed in the state in which Franchisee operates its Store. The insurance company must have at least an “A” Rating Classification as indicated in A.M. Best’s Key Rating Guide.

C. Franchisor reserves the right, from time to time, in its discretion, to upgrade the insurance requirements or lower the required amounts as to policy limits, deductibles, scope of coverage, or rating of carriers in response to current industry standards, market conditions and/or landlord requirements. Within sixty (60) days of receipt of notice from Franchisor, Franchisee agrees to revise its coverage, as specified in any notice from

Franchisor.

D. Franchisee's obligation to obtain and maintain insurance shall not be limited by reason of any insurance that may be maintained by Franchisor nor relieve Franchisee of liability under the indemnity provisions set forth in this Agreement. All insurance policies and coverage must name Franchisor as an additional insured, waive any subrogation rights or other rights to assert a claim back against Franchisor and shall contain a clause requiring notice to Franchisor thirty (30) days in advance of any cancellation or material change or cancellation to any such policy. Franchisee shall give Franchisor certificates of coverage at least annually. Failure to obtain or the lapse of any of the required insurance coverage shall be grounds for the immediate termination of this Agreement pursuant to Section 15.1, and Franchisee agrees that any losses, claims or causes of action arising after the lapse of or termination of insurance coverage will be the sole responsibility of Franchisee and that Franchisee will hold Franchisor harmless from all such losses, claims and/or causes of action. In addition, but not to the exclusion of the foregoing remedy, if Franchisee fails to procure or maintain the required insurance, Franchisor shall have the right and authority, but not the obligation, to procure immediately the insurance and Franchisee shall reimburse Franchisor for the cost of the insurance plus reasonable expenses immediately upon written notice. Franchisee is required to submit to Franchisor a copy of a Certificate of Insurance, with Franchisor as an additional insured, showing compliance with the foregoing requirements at least thirty (30) days before Franchisee commences operation of the Store. Franchisor shall have a security interest in all insurance proceeds to the extent Franchisee has any outstanding obligations to Franchisor.

I have read Article 10, understand it, and agree to comply with each of its Sections.

Your Initials: _____ / _____

11. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

11.1 **Independent Contractor.** The only relationship between Franchisor and Franchisee created by this Agreement is that of independent contractor. The business conducted by Franchisee is completely separate and apart from any business that may be operated by Franchisor and nothing in this Agreement shall create a fiduciary relationship between them or constitute either party as agent, legal representative, subsidiary, joint venturer, partner, employee, servant or fiduciary of the other party for any purpose whatsoever. Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a license from Franchisor, and Franchisee agrees to take such action including exhibiting a notice to that effect in such content, form and place as Franchisor may specify. It is further specifically agreed that Franchisee is not an affiliate of Franchisor and that neither party shall have authority to act for the other in any manner to create any obligations or indebtedness that would be binding upon the other party. Neither party shall be in any way responsible for any acts and/or omissions of the other, its agents, servants or employees and no representation to anyone will be made by either party that would create an implied or apparent agency or other similar relationship by and between the parties.

11.2 **Indemnification.** Franchisee, as a material part of the consideration to be rendered to Franchisor, agrees to indemnify, defend and hold Franchisor, as well as Franchisor's directors, officers, principals/owners, managers, shareholders, affiliates, subsidiaries, employees, servants, agents, successors and assignees (collectively, the "Indemnitees"), harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court costs), that are brought against any of the Indemnitees (collectively, the "Claims") that arise out of or are otherwise related to Franchisee's (a) breach or attempted breach of, or misrepresentation under, this Agreement or in connection with the offer/sale of the Store prior to the execution of this Agreement, (b) ownership, construction, development, management, or operation of the Store in any manner; and/or (c) gross negligence or intentional misconduct. Notwithstanding the foregoing, at Franchisor's option, Franchisor may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the

Franchisee of all expenses and fees incurred in connection with such defense.

I have read Article 11, understand it, and agree to comply with each of its Sections.

Your Initials: _____ / _____

12. CONFIDENTIAL INFORMATION

12.1 Franchisor's Confidential Information.

A. Franchisee acknowledges and agrees that all information relating to the System and to the development and operation of the Store, including, without limitation, Franchisor's training program, customers and supplier lists, or other information or know-how distinctive to a Soup Korner Store (all of the preceding information is referred to herein as the "Confidential Information") are considered to be proprietary and trade secrets of Franchisor. Franchisee agrees that all Confidential Information is to be held in the strictest of confidence during and after the term of this Agreement and is not to be divulged to anyone directly or indirectly at any time, except to Franchisee's Store employees, including any independent contractors, with a need to know the information in order to operate the Store. Upon Franchisor's request, Franchisee shall require the Store's employees and any independent contractors to execute a nondisclosure and non-competition agreement in a form satisfactory to Franchisor. Franchisee shall not acquire any interest in the Confidential Information other than the right to utilize it in the Store and agrees not to copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, nor otherwise make them available to any unauthorized person, nor use them in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee shall adopt and implement all reasonable procedures to prevent unauthorized use, duplication or disclosure of Franchisor's Confidential Information. If Franchisee or Franchisee's employees or any independent contractors learn about an unauthorized use of any trade secret or confidential materials, Franchisee must promptly notify Franchisor. Franchisor is not obligated to take any action, but will respond to the information as it deems appropriate. If Franchisee at any time conducts, owns, consults with, is employed by or otherwise assists a similar or competitive business to that franchised hereunder, the doctrine of "inevitable disclosure" will apply, and it will be presumed that Franchisee is in violation of this covenant; and in such case, it shall be Franchisee's burden to prove that Franchisee is not in violation of this covenant.

B. Franchisee agrees that any new concept, process or improvement in the operation or promotion of the Store developed by or on behalf of Franchisee that relates to or enhances the System, or any aspect of Store operations or Franchisor's franchise offering generally, shall be the sole property of Franchisor, and Franchisee shall promptly notify Franchisor and shall provide Franchisor with all necessary information and execute all necessary documents to memorialize said ownership, or, if necessary, Franchisee's assignment of such ownership to Franchisor, without compensation. Franchisee acknowledges that Franchisor may utilize or disclose such information to other Franchisees. To the extent permissible under applicable law, such new concepts, processes and/or improvements described in this Section shall be deemed a "work for hire" for copyright purposes for the benefit and ownership of Franchisor.

12.2 **No Other Interests.** Franchisee further acknowledges that Franchisor would be unable to protect its Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among System franchisees if its franchisees were permitted to hold an interest in other businesses involving the creation, manufacturing, and/or sale of specialty soups and sandwiches and/or other conduct that otherwise would compete with Franchisor. In light of the foregoing, Franchisee represents, warrants and covenants that it will comply with the in covenants against competition, including all non-competition provisions, set forth in Article 13 below.

12.3 **Injunctive Relief.** Franchisee expressly agrees that the existence of any claims it may have against

Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of this Article 12. Franchisee acknowledges and agrees that any failure to comply with the requirements of this Article 12 will cause Franchisor irreparable injury for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor shall be entitled to injunctive relief as specified in Section 16.2 herein to enforce the terms of this Article 12. Franchisee shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Article 12. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or applicable law.

I have read Article 12, understand it, and agree to comply with each of its Sections.

Your Initials: _____ / _____

13. COVENANTS NOT TO COMPETE

13.1 Non-Competition Covenants of Franchisee.

A. *During the Term of this Agreement.* Neither Franchisee, its principals, owners, or guarantors, nor any immediate family of Franchisee, its principals, owners, or guarantors ("Restricted Parties"), may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with any (a) specialty soups and sandwiches store or business, (b) any business offering Approved Services of a similar nature to those of the Store, or (c) in any business or entity which franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses described in subparts (a)-(b) of this Section (each, a "Competing Business"). Furthermore, the Restricted Parties shall not divert, or attempt to divert, any prospective customer to a Competing Business in any manner.

B. *After the Term of this Agreement.*

(1) Prohibition on Franchising Activities Involving Competing Business. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its principals, owners and guarantors may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, be involved with any business that competes in whole or in part with Franchisor by offering or granting licenses or franchises, or establishing joint ventures, for the ownership or operation of a Competing Business. The geographic scope of the covenant contained in this Section is any location where Franchisor can demonstrate it has offered or sold franchises as of the date this Agreement is terminated or expires.

(2) Prohibition on Other Involvement with Competing Businesses. For two (2) years after the expiration, termination or non-renewal (by Franchisor or by Franchisee for any reason) of this Agreement or after Franchisee has assigned its interest in this Agreement, the Restricted Parties shall not own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, lease/sublease space to, or have any interest in or involvement with, any other Competing Business: (i) at the Authorized Location; or (ii) within a ten (10) mile radius of (a) the Authorized Location, or (b) any other Franchised Store that is open, under lease or otherwise under development as of the date this Agreement expires or is terminated.

13.2 Non-Solicitation Covenants.

A. *During the Term of this Agreement.* Franchisee agrees not to (a) divert or seek to divert customers from another Store or System franchisee, or (b) employ or seek to employ any person employed by Franchisor or

by any other franchisee of Franchisor, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment during the term of this Agreement, without first obtaining the consent of Franchisor or any other franchisee of Franchisor. Franchisee acknowledges that Franchisor has the right to offer, sell or otherwise award a franchise for the right to operate a Store to any employee of Franchisee.

B. *After the Term of this Agreement.* For two (2) years after the expiration, termination or non-renewal (by Franchisor or by Franchisee for any reason) of this Agreement or after Franchisee has assigned its interest in this Agreement, the Restricted Parties shall not: (i) solicit business from customers of Franchisee's former Store; (ii) contact any of Franchisor's suppliers or vendors for any competitive business purpose; or (iii) solicit any of Franchisor's other employees, or the employees of Franchisor's affiliates or any other System franchisee, to discontinue employment.

13.3 **Enforcement of Covenants.**

A. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of the covenants in this Article 13. Franchisee acknowledges and agrees that in view of the nature of the System and the business of Franchisor, the restrictions contained in this Article 13 are reasonable and necessary to protect the legitimate interests of the System and Franchisor. Franchisee further acknowledges and agrees that Franchisee's violation of the terms of this Article 13 will cause irreparable injury to Franchisor for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor shall be entitled to preliminary and permanent injunctive relief and damages, as well as, an equitable accounting of all earnings, profits, and other benefits arising from such violation, which remedies shall be cumulative and in addition to any other rights or remedies to which Franchisor shall be entitled. Franchisee agrees to waive any bond that may be required or imposed in connection with the issuance of any preliminary or provisional relief. Franchisee shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Article 13. If Franchisee violates any restriction contained in this Article 13, and it is necessary for Franchisor to seek equitable relief, the restrictions contained herein shall remain in effect until two (2) years after such relief is granted. If Franchisee contests the enforcement of Article 13 and enforcement is delayed pending litigation, and if Franchisor prevails, the period of non-competition shall be extended for an additional period equal to the period of time that enforcement of this Article 13 is delayed.

B. Franchisee agrees that the provisions of this covenant not to compete are reasonable. If, however, any court should find this Article 13 or any portion of this Article 13 to be unenforceable and/or unreasonable, the court is authorized and directed to reduce the scope or duration (or both) of the provision(s) in issue to the extent necessary to render it enforceable and/or reasonable and to enforce the provision so revised.

C. Franchisor shall have the right, in Franchisor's discretion, to reduce the scope of any covenant not to compete set forth in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall comply with any covenant as so modified.

I have read Article 13, understand it, and agree to comply with each of its Sections.

Your Initials: _____ / _____

14. TRANSFER OF INTEREST

14.1 **Franchisor's Approval Required.** All rights and interests of Franchisee arising from this Agreement are personal to Franchisee and except as otherwise provided in this Article 14, Franchisee shall not, without

Franchisor's prior written consent, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, pledge or encumber its interest in this Agreement, in the license granted hereby, in the assets of the Store, any of its rights hereunder, or in the lease for the premises at which the Store is located, and any purported sale, assignment, transfer, pledge or encumbrances shall be null and void. If Franchisee is a corporation, limited liability, partnership, or an individual or group of individuals, any assignment (or new issuance), directly or indirectly, occurring as a result of a single transaction or a series of transactions that alters the Percentage of Ownership Interest reflected in Section 17.3 of this Agreement must promptly be reported to Franchisor and is a "transfer" within the meaning of this Article 14.

14.2 Conditions for Approval of Transfer. Franchisor shall not unreasonably withhold its approval of a proposed transfer, provided that the prospective transferee, in Franchisor's reasonable judgment, is of good moral character and reputation, has no conflicting interests, has a good credit rating and sufficient and competent business experience, aptitude and financial resources acceptable to Franchisor's then-current standards for franchisees; and that the following conditions are met: (1) Franchisee pays Franchisor a transfer fee amounting to \$10,000; (2) Franchisee signs a prescribed form of general release in favor of Franchisor and related parties; (3) the Store and equipment must be upgraded, refurbished or repaired if Franchisor, in its sole discretion, decides it is necessary; and (4) the transferee completes (or has its Operating Principal complete) On-Site Initial Training and, if applicable, Additional Training.

14.3 Permitted Transfers to a Corporation or LLC or Affiliate Company. If Franchisee is an individual or partnership, and desires to assign and transfer its rights, assets and obligations under this Agreement to a corporation or limited liability company that is wholly-owned by Franchisee and formed for the convenience of ownership, it may do so without approval from Franchisor, and without payment of a transfer fee, so long as the terms and conditions of this Agreement remain unchanged, and the Franchisee shall own and control all of the equity and voting power of all issued and outstanding stock of the transferee corporation or all of the equity and voting power of the limited liability company and, if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the corporation or limited liability company as he or she had in Franchisee prior to the transfer.

14.4 Death or Disability of Franchisee. In the event of the death or disability of Franchisee, if an individual, or of a stockholder of a corporate Franchisee, or of a partner of a Franchisee which is a partnership, or a member of a Franchisee which is a limited liability company, the transfer of Franchisee's or the deceased stockholder's, partner's or member's interest in this Agreement to his or her heirs, trust, personal representative or conservators, as applicable, must occur within six (6) months of the death or disability, but, shall not be deemed a transfer by Franchisee (provided that the responsible management employees or agents of Franchisee have been satisfactorily trained at Franchisor's On-Site Initial Training) nor obligate Franchisee to pay any transfer fee. If Franchisor determines (i) there is no imminent transfer to a qualified successor or (ii) there is no heir or other principal person capable of operating the Store, Franchisor shall have the right, but not the obligation, to immediately appoint a manager and commence operating the Store on behalf of Franchisee. Franchisee shall be obligated to, and shall pay to Franchisor all reasonable costs and expenses for such management assistance, including without limitation, the manager's salary, room and board, travel expenses and all other related expenses of the Franchisor appointed manager. Operation of the Store during any such period shall be for and on behalf of Franchisee, provided that Franchisor shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee or its owners for any debts, losses or obligations incurred by the Store, or to any creditor of Franchisee for any supplies, inventory, equipment, furniture, fixtures or services purchased by the Store during any period in which it is managed by a Franchisor appointed manager. Franchisor may, in its sole discretion, extend the six (6) month period of time for completing a transfer contemplated by this Section.

14.5 Relocation. Except in cases when Franchisee is in default of this lease, Franchisee may identify a new Authorized Location within the same site selection area in which the Store was located, subject to the written consent and approval of Franchisor.

14.6 **Transfer by Franchisor.** Franchisor shall have the right to transfer or assign all or any part of its rights or obligations herein to any person or legal entity, directly or indirectly, by merger, assignment, pledge or other means.

I have read Article 14, understand it, and agree to comply with each of its Sections.

Your Initials: _____ / _____

15. DEFAULT AND TERMINATION OF AGREEMENT

15.1 **Termination of Franchise by Franchisor.** Franchisor shall have the right to terminate this Agreement for “good cause” upon delivering notice of termination to Franchisee. For purposes of this Agreement, “good cause” shall include, without limitation: (i) a material breach of this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor’s affiliates, (ii) intentional, repeated or continuous breach of any provision of this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor’s affiliates, and (iii) the breaches (and, if applicable, failure to cure such breaches) described below in this Section 15.

A. **Immediate Termination.** Franchisee shall be deemed to be in default and Franchisor may terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, and such termination shall be for good cause where the grounds for termination are:

(1) Franchisee has made any material misrepresentation or omission in applying for the franchise or in executing or performing under this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor’s affiliates;

(2) Franchisee becomes insolvent by reason of Franchisee’s inability to pay debts as they become due, or makes an assignment for the benefit of creditors or makes an admission of Franchisee’s inability to pay obligations as they become due;

(3) Franchisee files a petition in bankruptcy, or an involuntary petition in bankruptcy is filed against Franchisee or a receiver is appointed for Franchisee’s business, or a final judgment remains unsatisfied or of record for 30 days or longer; or if Franchisee is a corporation, limited liability company or partnership, Franchisee is dissolved;

(4) Franchisee voluntarily or otherwise abandons the Store. For purposes of this Agreement, the term “abandon” means: (i) failure to actively operate the Store for more than two (2) business days without Franchisor’s prior written consent; or (ii) any other conduct on the part of Franchisee or its principals that Franchisor determines indicates a desire or intent to discontinue operating the Store in accordance with this Agreement or directives from Franchisor.

(5) Franchisee or any of its principal officers, directors, partners or managing members is convicted of or pleads no contest to a felony or other crime or offense that adversely affect the reputation of the System or the goodwill associated with the Marks;

(6) Franchisee makes an unauthorized direct or indirect transfer or attempted or purported transfer of this Agreement, or makes an unauthorized direct or indirect transfer or attempted or purported transfer of an ownership interest in the Franchise, or fails or refuses to transfer the Franchise or the interest in the Franchise

of a deceased or disabled controlling owner thereof as required;

(7) Franchisee falsifies any financial reports or records required to be provided by Franchisee to Franchisor under this Agreement;

(8) Franchisee's: (i) disclosure, utilization, or duplication of any portion of the System or other proprietary or Confidential Information relating to the Store that is contrary to the provisions of this Agreement; or (ii) material misuse of the Marks in any manner not expressly authorized by Franchisor;

(9) Franchisee violates any health or safety law, ordinance or regulation or operates the Store in a manner that presents a health or safety hazard to its customers or to the public;

(10) Franchisee fails to obtain lawful possession of an Authorized Location and/or open the Store within six (6) months after this Agreement is accepted by Franchisor, unless Franchisor agrees otherwise in writing;

(11) Franchisee defaults under the lease agreement or otherwise loses the right to possess the premises at the location at which the Store is located;

(12) Franchisee fails to comply with the covenants not to compete as required in Article 13 herein; or

(13) Franchisee permits the offer or sale of products and services other than the Approved Services at the Store in violation of the terms of this Agreement on two (2) or more occasions in any 24-month period, regardless of whether Franchisee subsequently cured the prior default(s); or

(14) Franchisee, after curing a default pursuant to Section 15.1B herein, commits the same act of default again within any twelve (12) consecutive month period whether or not such default is cured after notice thereof is delivered to Franchisee, or if Franchisee received three (3) or more default notices from Franchisor within any twelve (12) consecutive monthly period whether or not such defaults were related to the same problem or were cured after notice thereof was delivered to Franchisee.

B. **Termination with Notice.** In addition to the provisions of Section 15.1A, if Franchisee shall be in default under the terms of this Agreement and the default shall not be cured or remedied (to Franchisor's satisfaction) within thirty (30) days after receipt of written notice from Franchisor (or 10 days' prior notice in the event of a default that is described in Subsections (6), (7) or (8) below), in addition to all other remedies available to Franchisor at law or in equity, Franchisor may immediately terminate this Agreement. If any such default is not cured within the specified cure period, this Agreement shall terminate without further notice to Franchisee effective immediately upon expiration of the cure period. Franchisee shall be in default, and each of the following shall constitute good cause for termination under this Agreement:

(1) Failure, refusal or neglect by Franchisee to obtain Franchisor's prior written approval or consent any time such approval or consent is required by this Agreement;

(2) Franchisee's failure to comply with any provision of this Agreement that does not otherwise provide for immediate termination, or Franchisee's bad faith in carrying out the terms of this Agreement;

(3) Failure by Franchisee to maintain books and financial records for the Store suitable for proper financial audit or failure by Franchisee to permit Franchisor to carry out its rights to conduct an inspection or audit as provided in this Agreement or failure by Franchisee to submit as required by this Agreement all reports, records and information of the Soup Korner franchised business;

(4) Franchisee or its Operating Principal fail to complete the On-Site Initial Training or Additional Training to Franchisor's satisfaction within the time period set forth in this Agreement;

(5) Franchisee fails to pay when due any amount owing to Franchisor or its affiliates under this Agreement or any other agreement, or is unable to obtain adequate financing to cover all costs of developing, opening and operating the Store;

(6) Franchisee fails to pay when due any amounts owing to any person or entity in connection with the construction, leasing, financing, operation or supply of the Store;

(7) Franchisee closes any bank account without completing all of the following after such closing: (i) immediately notifying Franchisor in writing, (ii) immediately establishing another bank account, and (iii) executing and delivering to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account by electronic funds transfer as Exhibit 2 to this Agreement permits;

(8) Franchisee fails to maintain or suffers cancellation of any insurance coverage required under this Agreement;

(9) Franchisee allows the Approved Services to be provided by anyone other than an authorized manager of the Franchisee;

(10) Any transfer or attempted transfer by Franchisee or any partner, member or shareholder in Franchisee of any rights or obligations under this Agreement to any third party without the prior written consent of Franchisor;

(11) Franchisee offers in conjunction with the operation of the Store products or services that have not been approved by Franchisor;

(12) Franchisee fails to abide by the pertinent marketing and advertising requirements and procedures and participate in marketing programs for the business as established by Franchisor; or

(13) Franchisee fails to comply with the Performance Standards as set forth in the provisions of this Agreement or as prescribed by Franchisor including, but not limited to, the Minimum Monthly Gross Revenue Quota for a period of 24 consecutive months, System Standards for cleanliness, customer service, equipment maintenance, and any other System Standards which effect or enhance the customer experience at the Store.

15.2 **Cross-Default.** If there are now, or hereafter shall be, other franchise agreements or any other agreements in effect between Franchisee and Franchisor and/or any of Franchisor's affiliates, a default by Franchisee under the terms and conditions of this or any other such agreement, shall at the option of Franchisor, constitute a default under all such agreements.

15.3 **Obligations of Franchisee upon Termination, Expiration or Non-Renewal.** Immediately upon termination, expiration or non-renewal of this Agreement for any reason:

A. All rights, privileges and licenses granted by Franchisor to Franchisee shall immediately cease and be null and void and of no further force and effect, and all such rights, privileges and licenses shall immediately revert to Franchisor;

B. Franchisee shall cease to be an authorized franchise owner hereunder, and shall immediately, at its own expense, remove all signs, obliterate or remove all letterheads, labels or any other item or form of identification that would in any way link or associate Franchisee, its goods and/or services with Franchisor, and shall immediately cease to use, in any manner, the Marks, System and any other copyrighted information or

materials or any confidential information Franchisee obtained as a result of the franchise granted to Franchisee;

C. Franchisee shall immediately terminate all advertising and promotional efforts and any other act that would in any way indicate that Franchisee is or was ever an authorized Soup Korner franchisee;

D. Franchisee shall cancel any assumed name of Franchisee or equivalent registration that contains any Proprietary Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination, expiration or non-renewal of this Agreement;

E. Franchisee agrees not to use any reproduction, counterfeit, copy, or colorable imitation of the Marks that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to use any trade dress or designation of origin or description or representation that falsely suggests or represents an association or connection with Franchisor;

F. Franchisee shall pay all sums owing to Franchisor and its approved suppliers for outstanding amounts owed under the Franchise Agreement and otherwise in connection with the Store. In the event of termination for any default of Franchisee, such sums shall include all damages, costs and expenses, including reasonable legal fees, incurred by Franchisor as a result of the default;

G. Franchisee shall comply with the covenants set forth in Articles 12 and 13 of this Agreement; and

H. Franchisee shall, at Franchisor's option, assign to Franchisor any interest that Franchisee has in any lease for the premises of the Store;

I. Franchisor shall have the option, exercisable by giving written notice thereof within thirty (30) days from the date of such termination, expiration or non-renewal to purchase any and all equipment, furniture, fixtures, signs, sundries and supplies owned by Franchisee and used in the Store, at the lesser of (i) Franchisee's cost less depreciation computed on a reasonable straight line basis (as determined in accordance with generally accepted accounting principles and consistent with industry standards and customs) or (ii) fair market value of such assets, less (in either case) any outstanding liabilities of the Store. In addition, Franchisor shall have the option to assume Franchisee's lease for the lease location of the Store, or if an assignment is prohibited, a sublease for the full remaining term on the same terms and conditions as Franchisee's lease. No value will be attributed to the value of the Marks or the System or to the assignment of the lease (or sublease) for the premises or the assignment of any other assets used in conjunction with the Store, and Franchisor will not be required to pay any separate consideration for any such assignment or sublease. If the parties cannot agree on fair market value within thirty (30) days of Franchisor's notice of intent to purchase, fair market value shall be determined by an experienced, professional and impartial third party appraiser without regard to goodwill or going concern value, designated by Franchisor and acceptable to Franchisee, whose determination shall be final and binding on both parties. The cost of such appraisal shall be borne equally by Franchisor and Franchisee. If the parties cannot agree upon an appraiser one shall be appointed by the American Arbitration Association, upon petition of either party. Franchisor shall have the right to withhold from the purchase price funds sufficient to pay all outstanding debts and liabilities of Franchisee and the Store and to pay such debts and liabilities from such funds.

J. Termination, expiration or non-renewal of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies, which Franchisor may have against Franchisee, whether under this Agreement or otherwise, for any reason whatsoever, whether such claims or rights arise before or after termination.

15.4 **Franchisor's Rights and Remedies in Addition to Termination.**

A. If Franchisee shall be in default in the performance of any of its obligations or breach any term

or condition of this Agreement, in addition to Franchisor's right to terminate this Agreement, and without limiting any other rights or remedies to which Franchisor may be entitled at law or in equity, Franchisor may, at its election, immediately or at any time thereafter, and without notice to Franchisee cure such default for the account of and on behalf of Franchisee including, without limitation, entering upon and taking possession of the Store and to taking in the name of Franchisee, all other actions necessary to effect the provisions of this Agreement and any such entry or other action shall not be deemed a trespass or other illegal act, and Franchisor shall not be liable in any manner to Franchisee for so doing, and Franchisee shall pay the entire cost thereof to Franchisor on demand, including reasonable compensation to Franchisor for the management of the Store.

B. As an alternative to Franchisor's exercising its rights under Section 15.5(A), above, and only in the event of a premature termination of this Agreement, Franchisee shall pay Franchisor liquidated damages in an amount equal to the sum of the royalties paid to Franchisor for the twenty four (24) months prior to the termination of this Agreement; provided, however exercise of this right shall not preclude Franchisor's right to seek injunctive relief as outlined in Section 16.5. Franchisee's payment to Franchisor would not be a penalty for breaching this Franchise Agreement, but rather a reasonable estimate of the losses Franchisor would incur in the event of the closure of Franchisee's franchised business. Should Franchisor elect to enforce its right to liquidated damages under this Section, Franchisee's obligation to pay such damages would be in addition to Franchisee's obligations to (i) pay all amounts still owed to Franchisor, and (ii) adhere to Franchisee's other post-termination obligations. Franchisor's right to payment of liquidated damages would be in addition to all other post-termination remedies available to Franchisor under the law.

I have read Article 15, understand it, and agree to comply with each of its Sections.
Your Initials: _____ / _____

16. RESOLUTION OF DISPUTES

16.1 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, without reference to this state's conflict of laws principles. Notwithstanding the foregoing, the parties specifically agree and acknowledge that all claims, causes of actions or disputes related to Franchisee's covenants not to compete set forth in Section 13 of this Agreement, including the interpretation, validity and enforcement thereof, shall be governed by the laws of the state where the Store is located.

16.2 **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management and make every effort to resolve the dispute internally. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

16.3 **Mediation.** At Franchisor's option, all claims or disputes between Franchisee and Franchisor (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 16.1 above, will be submitted first to mediation to take place at Franchisor's then-current corporate headquarters under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its

affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (a) any federally protected intellectual property rights in the Marks, the System, or in any Confidential Information or other confidential information; (b) any of the restrictive covenants contained in this Agreement; and (c) any of Franchisee's payment obligations under this Agreement.

16.4 **Mandatory Binding Arbitration.** Subject to Sections 16.2, 16.3 and 16.5 of this Agreement, Franchisee and Franchisor agree that any claim, dispute, suit, action, controversy, or proceeding of any type whatsoever including any claim for equitable relief and/or where either party is acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving Franchisee and Franchisor on whatever theory and/or facts based and whether or not arising out of this Agreement (each, a "Claim") will be processed in the following manner:

A. Franchisee and Franchisor each expressly waives all rights to any court proceeding, except as expressly provided in Section 16.5 below;

B. All Claims shall be submitted to and resolved by binding arbitration that will take place at Franchisor's headquarters or other location that Franchisor designates in Wisconsin, before and in accordance with the arbitration rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrator shall be entered in any Court having jurisdiction thereof.

C. Franchisor and Franchisee agree that any arbitration between Franchisor and Franchisee shall be of Franchisee's individual claim and that the claim subject to arbitration shall not be arbitrated on a class-wide basis.

D. This arbitration provision shall be deemed to be self-executing, and in the event either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party notwithstanding said failure to appear.

E. In no event shall Franchisor be liable to Franchisee for punitive damages in any action arising out of or relating to this Agreement, or any breach, termination or cancellation hereof.

F. Any arbitration proceeding involving this Agreement or the Store generally, including all demands, other filings and evidence submitted in connection with such proceeding, must be kept strictly confidential by Franchisee and its representatives, unless Franchisor agrees otherwise in writing.

16.5 **Right to Injunctive Relief.** Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the Marks and Confidential Information (including any proprietary software used in connection with the Store); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) the

prohibition of any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.

16.6 **Choice of Forum.**

A. Franchisee acknowledges and agrees that this Agreement is entered into in Wisconsin and that, subject to the requirements of Sections 16.4 and Section 16.5 above, any action brought by either party against the other for the purpose of enforcing the terms and provisions of this Agreement (provided such action is not subject to the arbitration proceeding pursuant to the terms of this Agreement or applicable law) shall be instituted solely in a state or federal court having subject matter jurisdiction thereof only in Wisconsin in the judicial district in which Franchisor has its principal place of business and in no other court and that Franchisee irrevocably waives any objection Franchisee may have to the exclusive jurisdiction or the exclusive venue of such court.

B. If Franchisee institutes any arbitration or other legal proceedings in any venue or other court other than those specified, Franchisee shall assume all of Franchisor's costs in connection therewith, including, without limitation, reasonable attorney fees regardless of the outcome of such arbitration or legal proceedings.

C. Franchisee acknowledges that Franchisor may bring an action in any other court of competent jurisdiction to seek and obtain injunctive relief as set forth in Section 16.5 above, including to enforce Franchisee's non-compete obligations hereunder.

16.7 **Waiver of Punitive Damages.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.

16.8 **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS

OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

16.9 **WAIVER OF CLASS ACTIONS.** THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

16.10 **Attorneys' Fees and Costs.**

A. If legal action or arbitration is necessary to enforce the terms and conditions of this Agreement, the prevailing party shall be entitled to recover reasonable compensation for preparation, investigation, court costs, arbitration costs (if applicable) and reasonable attorneys' fees, from the non-prevailing party as fixed by an arbitrator or court of competent jurisdiction.

B. Separate and distinct from the right of a prevailing party to recover expenses, costs and fees in connection with any legal proceeding or arbitration, the prevailing party shall also be entitled to receive all expenses, costs and reasonable attorneys' fees incurred in connection with the enforcement of any arbitration award or judgment entered. Furthermore, the right to recover post-arbitration award and post-judgment expenses, costs and attorneys' fees shall be severable and shall survive any award or judgment and shall not be deemed merged into such judgment.

16.11 **No Withholding of Payments.** Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

16.12 **Limitation of Actions.** Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after (a) the act, transaction or occurrence upon which such action is based, or (b) Franchisee becomes aware, or should have become aware after reasonable investigation, of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner. Any claim, action or other proceeding not brought against Franchisor or its affiliates within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

16.13 **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Section 21, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.

<p>I have read Article 16, understand it, and agree to comply with each of its Sections.</p> <p>Your Initials: _____ / _____</p>
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17. MISCELLANEOUS PROVISIONS

17.1 **Severability.** Except as provided in Section 13.4, each article, section, paragraph, term and provision of this Agreement, or any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held by an arbitrator or by a court of competent jurisdiction to be unenforceable due to any applicable existing or future law or regulation, such portion shall not impair the operation of or have any effect upon, the remaining portions of this Agreement which will remain in full force and effect. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but, each shall be cumulative of every other right or remedy.

17.2 **Waiver and Delay.** No failure, refusal or neglect of Franchisor to exercise any right, power, remedy or option reserved to it under this Agreement, or to insist upon strict compliance by Franchisee with any obligation, condition, specification, standard or operating procedure in this Agreement, shall constitute a waiver of any provision of this Agreement and the right of Franchisor to demand exact compliance with this Agreement, or to declare any subsequent breach or default or nullify the effectiveness of any provision of this Agreement. Subsequent acceptance by Franchisor of any payment(s) due it under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

17.3 **Designation of Responsible Parties.** Franchisee represents and warrants to Franchisor that the list below states: (i) the name, mailing address and equity interest of each person holding any shares or other form of ownership, or security interest convertible into an equity interest, in Franchisee, showing percentage of ownership held by each and (ii) the name and mailing address of the individual(s) who will be the Operating Principal(s) of the Store. Each Operating Principal named below has the authority to act for Franchisee in all matters relating to the franchised Store granted hereunder, including voting responsibilities. Only those individuals who are party to this Agreement and have an ownership interest in the franchise entity may be listed as an Operating Principal. Franchisee shall promptly notify Franchisor of any change in any such information. Any change in the Operating Principal(s), or in ownership information of Franchisee, is subject to Article 14 and the training requirements of this Agreement:

Franchisee is a _____, organized under the laws of _____, or Franchisee is an individual or group of individuals, and hereby represents and warrants that the information stated below is true and accurate as of the date set forth below:

Shareholder, Partner, Member or Individual Name and Address	Percentage of Ownership Interest
_____	_____
_____	_____

Operating Principal (may also be referred to as the “Designated Operator” in the FDD):

17.4 **Franchisor’s Discretion.** Except as otherwise specifically referenced herein, all acts, decisions, determinations, specifications, prescriptions, authorizations, approvals, consents and similar acts by Franchisor may be taken or exercised in the sole and absolute discretion of Franchisor, regardless of the impact upon Franchisee. Franchisee acknowledges and agrees that when Franchisor exercises its discretion or judgment, its

decisions may be for the benefit of Franchisor or the Soup Korner franchise network and may not be in the best interest of Franchisee as an individual franchise owner.

17.5 **Notices.**

A. All notices which the parties hereto may be required or permitted to give under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, postage paid, or by reliable overnight delivery service, addressed as follows:

If to Franchisor:

If to Franchisee:

B. The addressees herein given for notices may be changed at any time by either party by written notice given to the other party as herein provided. Notices delivered by certified or registered mail shall be deemed to have been given three (3) business days after postmark by United States Postal Service, or the next business day after deposit with reliable overnight delivery service or when delivered by hand.

17.6 **No Recourse Against Nonparty Affiliates.** All claims, obligations, liabilities, or causes of action (whether in contract or in tort, in law or in equity, or granted by statute) that may be based upon, in respect of, arise under, out or by reason of, be connected with, or relate in any manner to this Agreement, or the negotiation, execution, or performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to this Agreement, but not including separate undertakings such as guarantees of performance, personal guaranties, or corporate guarantees), may be made only against (and are those solely of) the entities that are expressly identified as parties in the preamble to this Agreement (“Contracting Parties”). No Person who is not a Contracting Party, including without limitation any director, officer, employee, incorporator, member, partner, manager, stockholder, affiliate, agent, attorney, or representative of, and any financial advisor or lender to, any of the foregoing (“Nonparty Affiliates”), shall have any liability (whether in contract or in tort, in law or in equity, or granted by statute) for any claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach; and, to the maximum extent permitted by law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Nonparty Affiliates, unless such liabilities, claims, causes of action, and obligations arise from deliberately fraudulent acts. Without limiting the foregoing, to the maximum extent permitted by law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands or causes of action that may otherwise be available at law or in equity, or granted by statute, to avoid or disregard the entity form of a Contracting Party or otherwise impose liability of a Contracting Party on any Nonparty Affiliate, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise; and (b) each Contracting Party disclaims any reliance upon any Nonparty Affiliates with to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement. Nothing herein is intended to prevent a Contracting Party from pursuing any distinct legal rights it may have against a Nonparty Affiliate which arise from a separate document, such as a guaranty of performance, personal guaranty, corporate guaranty or similar agreement. Notwithstanding any other provision of this Agreement which limits the right of

prospective Third Party Beneficiaries, any Nonparty Affiliate may rely on this provision and enforce it against any Contracting Party or other Person or entity.

I have read Article 17, understand it, and agree to comply with each of its Sections.

Your Initials: _____ / _____

18. ACKNOWLEDGMENTS

18.1 THE SUBMISSION OF THIS AGREEMENT DOES NOT CONSTITUTE AN OFFER AND THIS AGREEMENT SHALL BECOME EFFECTIVE ONLY UPON THE EXECUTION HEREOF BY THE FRANCHISOR AND THE FRANCHISEE. THE DATE OF EXECUTION BY THE FRANCHISOR SHALL BE CONSIDERED TO BE THE DATE OF EXECUTION OF THIS AGREEMENT.

18.2 THIS AGREEMENT SHALL NOT BE BINDING ON THE FRANCHISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF THE FRANCHISOR.

18.3 FRANCHISEE ACKNOWLEDGES THAT IT RECEIVED A COMPLETE COPY OF THIS AGREEMENT FOR A PERIOD NOT LESS THAN FOURTEEN (14) CALENDAR DAYS, DURING WHICH TIME FRANCHISEE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS LICENSED HEREUNDER TO THE EXTENT OF FRANCHISEE'S DESIRE TO DO SO. FRANCHISEE RECOGNIZES AND ACKNOWLEDGES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS, AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF THE FRANCHISEE AS AN INDEPENDENT BUSINESSPERSON. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, THAT FRANCHISEE WILL BE SUCCESSFUL IN THIS VENTURE OR THAT THE BUSINESS WILL ATTAIN ANY LEVEL OF SALES VOLUME, PROFITS, OR SUCCESS. FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT, THE FRANCHISE DISCLOSURE DOCUMENT ("FDD"), AND THE EXHIBITS HERETO CONSTITUTE THE ENTIRE AGREEMENT OF THE PARTIES. THIS AGREEMENT TERMINATES AND SUPERSEDES ANY PRIOR AGREEMENT BETWEEN THE PARTIES CONCERNING THE SAME SUBJECT MATTER. FRANCHISEE REPRESENTS, WARRANTS AND ACKNOWLEDGES THAT IT HAS NOT RELIED ON ANY INFORMATION NOT SPECIFICALLY DISCLOSED IN THE FDD IN MAKING ITS DETERMINATION TO ENTER INTO THIS AGREEMENT.

18.4 FRANCHISEE AGREES AND ACKNOWLEDGES THAT FULFILLMENT OF ANY AND ALL OF FRANCHISOR'S OBLIGATIONS WRITTEN IN THIS AGREEMENT OR BASED ON ANY ORAL COMMUNICATIONS WHICH MAY BE RULED TO BE BINDING IN A COURT OF LAW SHALL BE FRANCHISOR'S SOLE RESPONSIBILITY AND NONE OF FRANCHISOR'S AGENTS, REPRESENTATIVES, NOR ANY INDIVIDUALS ASSOCIATED WITH FRANCHISOR'S FRANCHISE COMPANY SHALL BE PERSONALLY LIABLE TO FRANCHISEE FOR ANY REASON. THIS IS AN IMPORTANT PART OF THIS AGREEMENT. FRANCHISEE AGREES THAT NOTHING THAT FRANCHISEE BELIEVES FRANCHISEE HAS BEEN TOLD BY FRANCHISOR OR FRANCHISOR'S REPRESENTATIVES SHALL BE BINDING UNLESS IT IS WRITTEN IN THIS AGREEMENT. THIS IS AN IMPORTANT PART OF THIS AGREEMENT. DO NOT SIGN THIS AGREEMENT IF THERE IS ANY QUESTION CONCERNING ITS CONTENTS OR ANY REPRESENTATIONS MADE.

I have read Article 18, understand it, and agree to comply with each of its Sections.

Your Initials: _____ / _____

19. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the exhibits hereto, constitute the entire and only agreement between the parties concerning the granting, awarding and licensing of Franchisee as an authorized Soup Korner Franchisee at the Store location, and supersede all prior and contemporaneous agreements. There are no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties other than those set forth herein. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement does not alter agreements between Franchisor and Franchisee for other locations. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations Franchisor made in the FDD that Franchisor furnished to Franchisee.

***THE REST OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK
SIGNATURES ON THE FOLLOWING PAGE***

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below to be effective upon execution by Franchisor.

“FRANCHISOR”

SOUP KORNER, LLC

By: _____

Title: _____

Accepted: _____

“FRANCHISEE”

If Franchisee is an individual:

Signature: _____

Date: _____

Signature: _____

Date: _____

If Franchisee is a corporation or other entity:

[Name of Franchisee]

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

EXHIBIT 1

AUTHORIZED LOCATION ADDENDUM

Soup Korner, LLC (“Franchisor”) and _____ (“Franchisee”) entered into a Franchise Agreement on _____. Franchisor and Franchisee have engaged in the site approval process as described in paragraph 1.2 of the Franchise Agreement.

Franchisee has identified the following location as the site for its Soup Korner store:

_____.

By and through its signature below, Franchisee certifies and affirms that Franchisee shall use only the location designated in this form as the site for its Soup Korner store.

By and through its signature below, Franchisor approves of the location designated herein for the site of Franchisee’s Soup Korner store.

Franchisor:

Franchisee:

Date: _____

Date: _____

Signature, Authorized Representative

Signature

Print Name

Title

EXHIBIT 2

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS
(DIRECT DEPOSIT)

The undersigned depositor (“DEPOSITOR”) hereby authorizes Soup Korner, LLC (“COMPANY”) to initiate debit entries and/or credit entries to the undersigned’s checking and/or savings account(s) indicated below and the depository designated below (“DEPOSITORY”) to debit such account pursuant to COMPANY’S instructions.

DEPOSITOR

Branch

Address

City, State, and Zip Code

Bank Transit/ABA Number

Account Number

This authority is to remain in full force and effect until DEPOSITORY has received joint written notification from COMPANY and DEPOSITOR of the DEPOSITOR’s termination of such authority in such time and in such manner as to afford DEPOSITORY a reasonable opportunity in which to act. If an erroneous debit entry is initiated to DEPOSITOR’s account, DEPOSITOR shall have the right to have the amount of such entry credited to such account by DEPOSITORY, if (a) within 15 calendar days following the date on which DEPOSITORY sent to DEPOSITOR a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, DEPOSITOR shall have sent to DEPOSITORY a written notice identifying such entry, stating that such entry was in error and requesting DEPOSITOR to credit the amount thereof to such account. These rights are in addition to any rights DEPOSITOR may have under federal and state banking laws.

DEPOSITOR

By: _____

Title: _____

Date: _____

EXHIBIT 3

ELECTRONIC DEBT ACCOUNT AUTHORIZATION FORM

Effective Date: _____

Franchisee Information:

Name: _____

Address: _____

Phone: _____

Email: _____

Banking Information:

Financial Institution Name

ABA Routing Number

Account Number

Checking _____ Savings _____

Amount to be withdrawn: \$ _____

Withdrawal Date: _____

Authorizing Signature:

I authorize Soup Korner, LLC to withdraw the above-referenced amount from my bank account until I provide written authorization to discontinue the ACH Withdrawals.

Signature

By: _____

Title: _____

Date: _____

EXHIBIT 4

PERSONAL GUARANTY

The undersigned hereby unconditionally guarantees the performance and payment of, and expressly agrees to adopt and be bound by, each and all of the terms, covenants, and conditions of the Franchise Agreement dated _____ (the "Franchise Agreement") between Soup Korner, LLC, a Wisconsin Limited Liability Company ("Franchisor"), and _____ ("Franchisee").

The undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in this Franchise Agreement and agree that this Personal Guaranty should be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of the Franchise Agreement.

Each of the undersigned waives: (i) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (ii) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (iii) any right the undersigned has to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person; and (2) such liability will not be diminished, relieved or otherwise affected by your insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to the undersigned.

This Personal Guaranty will continue unchanged by any bankruptcy, reorganization or insolvency of the Franchisee or by any disaffirmance or abandonment by a trustee of Franchisee.

The liability of the undersigned under this Personal Guaranty shall be primary and in any right of action which shall accrue to Franchisor under the Franchise Agreement, Franchisor may, at its option, proceed against the undersigned without having commenced any action or having obtained any judgment against Franchisee.

The undersigned shall pay Franchisor's reasonable attorney's fees and costs and other expenses incurred in any collection or attempted collection or in any negotiations relative to the obligations hereby guaranteed or enforcing this Personal Guaranty against the undersigned, individually and jointly.

If any provision of this Personal Guaranty is held invalid, void, inoperative, or unenforceable, the remainder of this Personal Guaranty shall remain in full force and effect.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty inures to the benefit of the successors and assigns of the undersigned.

PERSONAL GUARANTORS:

Signature: _____

Print Name: _____

Address: _____

Telephone Number: _____

Social Security Number: _____

Signature: _____

Print Name: _____

Address: _____

Telephone Number: _____

Social Security Number: _____

EXHIBIT 5

LEASE RIDER

This Lease Rider (“Rider”) supplements and forms a part of the lease agreement (“the Lease”) between _____ (“Tenant”) and _____ (“Landlord”) for the premises located at _____ (“the Premises”) at which Tenant intends to operate a Soup Korner store pursuant to a Franchise Agreement (the “Franchise Agreement”) between it and Soup Korner, LLC (“Franchisor”). This Rider will control in the event of a conflict between its terms and the Lease.

1. Consent to Collateral Assignment to Franchisor. Landlord consents to the collateral assignment of the Lease by Tenant to Franchisor or its affiliate as security for Tenant’s obligations under the Franchise Agreement. Landlord agrees that, pursuant to the collateral assignment or as a result of Franchisor’s exercise of its rights and remedies under the Franchise Agreement, Franchisor or its affiliate may assign its rights to receive an assignment of Lease to another Soup Korner franchisee with whom Franchisor has executed a franchise agreement. Unless otherwise agreed by Landlord, Tenant shall remain liable and shall not be afforded any release in the event the Lease is assigned to Franchisor, its affiliate or another Soup Korner franchisee pursuant to the collateral assignment. Landlord agrees not to look to Franchisor, its affiliates or any other Soup Korner franchisee who assumes the Lease pursuant to the collateral assignment for payment of any amounts owed by Tenant under the Lease and, after such assignment and assumption. Franchisor’s right to assign the Lease to another franchisee of Franchisor shall be extinguished if the defaults referenced in paragraph 3 of the Lease Rider are not cured within the time period specified in paragraph 4 of the Lease Rider. Further, if paragraph 3 and its additional times to cure a default are invoked more than twice in any calendar year then Franchisor’s right to receive notice is extinguished.
2. Signage. Subject to applicable zoning laws, Landlord consents to Tenant’s installation and use of such trademarks, service marks, signs, décor items, color schemes and related components which from time to time comprise the Soup Korner system.
3. Franchisor’s Notice and Cure Rights. Landlord shall concurrently provide Franchisor a copy of any written notice of default it provides to Tenant, and Franchisor shall have 10 days beyond any cure period available to Tenant within which, at its option, to cure the noticed default, provided that in no event shall Franchisor’s cure period be less than 10 days for monetary defaults or 30 days for non-monetary defaults. Landlord shall accept Franchisor’s cure as if it were tendered by Tenant. Unless and until changed by Franchisor’s written notice to Landlord, Franchisor’s address for notices is:

Soup Korner, LLC
Attn: Owner
1803 N. Main Street
West Bend, WI 53090
4. Franchisor’s Right to Enter. Franchisor shall have the right, without being guilty of trespass or any other crime or tort, to enter the Premises at any time or from time to time (i) to make any modification or alteration it considered necessary to protect the Soup Korner system,

trademarks and service marks, (ii) to cure any default under the Lease, or (iii) to remove the distinctive elements of the Soup Korner trade dress upon the Franchise Agreement's expiration or termination. Neither Franchisor nor Landlord shall be responsible to Tenant for any damages Tenant might sustain as a result of any action Franchisor takes under this paragraph. Franchisor shall repair or reimburse Landlord for the cost of any damage to the Premises' walls, floor or ceiling that result from Franchisor's removal of trade dress items and other property from the Premises.

5. Assignment; Subletting. Except for the collateral assignment described in paragraph 1 above, Landlord will not consent to an assignment or subletting by Tenant without first verifying that Franchisor has given its written consent thereto.
 - a. If Franchisor makes payments in order to preserve its rights under the Lease, but prior to the new franchisee assuming the Lease, Franchisor will be responsible for all of the current tenant's monetary and other responsibilities under the Lease, including but not limited to common area charges, current as of the date of the assignment. Assignee will not be responsible for prior monetary default by tenant. Any new franchisee assuming the Lease must have the prior approval of the Landlord, which shall not be unreasonably withheld.
6. Amendment to Lease. Landlord and Tenant will not, without Franchisor's prior written consent, modify in any material way the terms of the Lease or this Rider, including to change the permitted use of the Premises for anything other than a Soup Korner store as described in the Lease.
7. Franchisor Not a Party. Franchisor is not a party to the Lease and shall have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, it. However, Franchisor is an intended third-party beneficiary of the Rider with the independent right to enforce any and all of its terms.
8. Counterparts. This Rider may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. This Rider or any counterpart may be executed via facsimile or electronic transmission, and any such executed facsimile or electronic copy shall be treated as an original.

LANDLORD:

TENANT:

EXHIBIT 6

**CONDITIONAL ASSIGNMENT OF
TELEPHONE NUMBERS AND LISTINGS**

The undersigned Franchisee, _____ (“Assignor”),
doing business at _____, in exchange for
good and valuable consideration provided by Soup Korner, LLC (“Assignee”), the receipt of which is
hereby acknowledged hereby:

1. Conditionally assigns to Assignee all current and future telephone numbers, cell phone numbers, fax numbers, and all listings including, but not limited to, telephone book, Google, Yahoo, Yelp, Craigslist, Angie’s List, and other online listings utilized by Assignor in the operation of its Store at Assignor’s above-referenced address.
2. This conditional agreement will become effective automatically upon termination, transfer, expiration, or nonrenewal of Assignor’s franchise agreement for any reason.
3. Assignor agrees to pay the telephone company on or before the effective date of assignment all amounts owed for the use of the telephone number(s) and listings. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company and/or listings providers to effectuate this agreement, and agrees to fully cooperate with the telephone company or listing provider and Assignee in effectuating this assignment.
4. Assignor hereby appoints Assignee as its attorney-in-fact to execute and file any such documentation and to do all other lawful acts as are necessary to effectuate the forgoing.

ASSIGNOR:

By: _____

Date: _____

Print name: _____

Title: _____

ASSIGNEE:

Soup Korner, LLC

By: _____

Date: _____