

reimbursement, but not any draw or salary for you), utilities, rent and miscellaneous supplies. This amount is an estimate, and we cannot guarantee that you will not have additional expenses in operating your Restaurant. Your costs will depend on your management skill, experience, and business acumen, local economic conditions, the prevailing wage rate, competition and your Restaurant's sales during the initial period. In addition, in the event the construction and equipping of the Restaurant are delayed and cause the Restaurant to be opened at a date later than anticipated, additional amounts of working capital will be required until the Restaurant is open and begins to generate sales. All of these expenses are paid to third parties.

- 11/ Under Section 11.2 of the Franchise Agreement, the maximum amount of indebtedness you may incur in connection with the opening and operation of the Restaurant is limited to \$140,000. You will be limited to \$140,000 of indebtedness and the balance of the initial investment will be required to be made in the form of equity contributions.
- 12/ These amounts do not include real estate acquisition costs, but are based upon the leasing of the Restaurant premises. We have relied on our combined 12 years of experience in this business to compile these estimates. Because these figures are only estimates, it is possible both to reduce and to exceed costs in any of the areas listed above. Actual costs will depend on physical size and current condition of the premises. To avoid excessive construction costs, we strongly recommend that you pick contractors carefully by obtaining several competitive bids beforehand. These estimates do not include extensive exterior renovations. You should review all figures in Item 7 carefully with a business advisor before you decide to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on the availability of financing generally, your credit worthiness and collateral and lending policies of financial institutions. The estimate does not include any finance charge, interest, or debt service obligation.

## **ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### **Required Purchases of Goods and Services**

Senior Executive (Food Production). In the operation of the Restaurant, you are required to use the Senior Executive (Food Production) that we recruit, hire, train and make available to you. You are not permitted to have any other person manage the operation of the kitchen of the Restaurant. We are the only approved supplier for the Senior Executive (Food Production) because the Senior Executive (Food Production) is our employee whose services we provide to you on the terms in the Franchise Agreement. There are no alternative suppliers for the Senior Executive (Food Production) and we do not intend to have alternative suppliers in the foreseeable future because of the specialized training we provide to the Senior Executive (Food Production) that cannot be duplicated elsewhere. We will derive revenue from providing the Senior Executive (Food Production) to you only from the Initial Senior Executive (Food Production) Processing Fee and the Senior Executive (Food Production) Compensation Reimbursement and Chef Guaranty Fee described in Items 5 and 6. In the event that, after the Restaurant has been open and operating at least 60 days, the Senior Executive (Food Production)

works seven days a week without a day off, then the Senior Executive (Food Production) will be entitled to compensation for such days work and you will be required to reimburse us for the extra days of work at the then-current average daily compensation of the Senior Executive (Food Production).

If, for any reason other than food production, you are not satisfied with the performance of the Senior Executive (Food Production), upon notice from you, we will review the matter and take corrective action, in our discretion, within 30 days of your notice. If you request that we remove the Senior Executive (Food Production), you will be responsible for all of the actual relocation expenses we incur in doing so up to a maximum of \$5,000.

We reserve the right to replace the Senior Executive (Food Production) at any time, but only when we have an immediate replacement to provide to you. In that event, we will be responsible for all of the relocation expenses.

Operating Assets. Under Section 4.3 of the Franchise Agreement, you are required to purchase from us the consumables, furniture and décor items listed on **Exhibits 3-A, 3-B and 3-C** of the Franchise Agreement (the "Operating Assets"). We are the only approved supplier for such consumables, furniture and décor items. There are no alternative suppliers for such consumables, furniture and décor items and we do not intend to have alternative suppliers in the foreseeable future. We will derive revenue from providing the consumables, furniture and décor items to you.

Décor Signature Mural. You must allow us to arrange for the painting of a décor signature mural on two of the main walls of the Restaurant that is the standard mural that is part of the trade dress of all of our Restaurants. We are the only approved supplier for such décor signature mural. There are no alternative suppliers for such décor signature mural and we do not intend to have alternative suppliers in the foreseeable future. We will derive revenue from providing the décor signature mural to you.

Interior Décor Package. You must allow us to arrange for the various items of the interior décor which we purchase in China and import to Atlanta, Georgia and deliver to you for use at the Restaurant that are part of the trade dress of all of our Restaurants. We are the only approved supplier for such interior décor package. There are no alternative suppliers for such interior décor package and we do not intend to have alternative suppliers in the foreseeable future. We will derive revenue from providing the interior décor package to you.

Private Label Food Products. You must purchase from us all of the Private Label Food Products (i.e., noodles, sauces and rice) that are to be served to customers of the Restaurant. We contract for the Private Label Food Products and require their use in all Restaurants because they are prepared according to unique proprietary recipes of ours and serve to differentiate the food served in the Restaurants from other Indian and Chinese restaurants. We are the only approved supplier for such Private Label Food Products. There are no alternative suppliers for such Private Label Food Products and we do not intend to have alternative suppliers in the foreseeable future. We will derive revenue from providing the Private Label Food Products to you.

(d) The initial training program to replacement or additional Designated Managers during the term of this Agreement. Although Franchisor does not currently charge a tuition or fee, Franchisor reserves the right to charge a tuition or fee, payable in advance, commensurate with the then-current published prices of Franchisor for such training. Franchisee shall be responsible for all travel and living expenses incurred by its personnel during the training program.

(e) At the request of Franchisee, Franchisor shall visit the Restaurant after the opening of the Restaurant as many times as reasonably necessary to assist Franchisee, subject to the reimbursement for travel and living expenses provided for in Section 5.5.

#### 10.2 **Senior Executive (Food Production).**

(a) The Senior Executive (Food Production) shall be an employee of Franchisor at all times. Franchisee shall not have the right to terminate the employment of the Senior Executive (Food Production) at any given time during the course of this Agreement. If, for any other reason other than food production, Franchisee is not satisfied with the performance of the Senior Executive (Food Production), Franchisee will notify Franchisor immediately. Franchisor will review the matter and, at its discretion, will set forth remedies for corrective actions to be taken by the Senior Executive (Food Production) within 30 days of the notice from Franchisee. In the event Franchisee requests that Franchisor remove the Senior Executive (Food Production) from working in the Restaurant, Franchisee acknowledges that Franchisee will be responsible for all the relocation expenses of the Senior Executive (Food Production). Franchisor will, within 30 days of Franchisor's request, make arrangements to replace the Senior Executive (Food Production) at the Restaurant. The relocation expenses for which Franchisee shall be responsible are the actual expenses incurred by Franchisor up to a maximum of \$5,000 and will include all of the relocation expenses incurred by Franchisor (U-Haul charges, transfer of vehicle, airfare, etc.). Franchisor reserves the right to replace the Senior Executive (Food Production) at any time, but only when Franchisor has an immediate replacement to fill the position. In the event Franchisor chooses to replace the Senior Executive (Food Production), Franchisor will be responsible for all of the relocation expenses incurred.

(b) Franchisor shall cause the Senior Executive (Food Production) to monitor the business model of the Restaurant and oversee compliance with efficient kitchen operation. The Senior Executive (Food Production) shall be the sole authority as to the selection and production of the cuisine that is to be offered by the Restaurant. The Senior Executive (Food Production) will manage and supervise all operations of the kitchen, but will not be involved in the operation or management of other departments of the Restaurant. Franchisee will assist the Senior Executive (Food Production) in settling into the geographic area of the Franchised Location by assisting him in finding an apartment and/or relocating. To avoid any interruption and ensure smooth flow of activities in the food procurement and production of the Restaurant, Franchisor will provide replacement of Senior Executive (Food Production), at its cost, from its corporate headquarters if and when such necessity arises. If a chef or other specialist staff for the food production department is required by Franchisee in any emergency, Franchisor will endeavor to provide replacement on an interim basis from its headquarters. In such event, Franchisee will pay all expenses including travel, salary and related expenses for said staff.

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