SEATTLE'S BEST COFFEE

 FRANCHISE AGREEMENT

 BETWEEN

 CINNABON, INC., SUCCESSOR IN INTEREST TO

 SEATTLE'S BEST COFFEE, LLC

 AND

 -----------------------------------

 Unit No.: \_\_\_\_\_\_

 Dev. Agr. No.: \_\_\_\_\_\_

 Dated: \_\_\_\_\_\_\_\_\_\_\_\_\_

 [ ] Cafe [ ] Kiosk

 [ ]Trad. Ven. [ ]Captive Ven.

SEATTLE'S BEST COFFEE

 FRANCHISE AGREEMENT

 THIS AGREEMENT (the "Agreement") is made this \_\_\_\_\_\_\_ day of

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 200\_\_\_, by and between CINNABON, INC., SUCCESSOR IN INTEREST

TO SEATTLE'S BEST COFFEE, LLC, a Washington corporation, with offices at Six

Concourse Parkway, Suite 1700, Atlanta, Georgia, 30328-5352 U.S.A. ("Franchisor"

or "SEATTLE'S BEST COFFEE") and \_\_\_\_\_\_\_ , [jointly and severally where more than

one], ("Franchisee").

 WITNESSETH:

 WHEREAS, Seattle's Best Coffee, LLC has developed and owns a unique and

distinctive system for the development, establishment and operation of retail

Cafes ("SBC Cafes") and Kiosks ("SBC Kiosks") (collectively, "SBC RETAIL UNITS")

specializing in the preparation and sale of specialty coffee beverages,

proprietary coffee products and other menu items developed and owned by

Franchisor (the "Seattle's Best Coffee System", "SBC System" or "System");

 WHEREAS, the distinguishing characteristics of the SBC SYSTEM include,

without limitation, the name "SEATTLE'S BEST COFFEE"; distinctive interior and

exterior design and layouts, decor, color schemes, and furnishings; confidential

food formulae and recipes used in the preparation of food products, formulas and

specifications for preparing specialty coffee drinks and other coffee and

non-coffee-based products; specialized menus; standards and specifications for

equipment, equipment layouts, products, operating procedures, and management

programs, all of which may be changed, improved, and further developed by

Franchisor from time to time;

 WHEREAS, Franchisor identifies the SBC SYSTEM by means of certain trade

names, service marks, trademarks, logos, emblems, and other indicia of origin,

including, but not limited to, the marks "SEATTLE'S BEST COFFEE", "SBC" and such

other trade names, service marks, trademarks and trade dress as are now, or may

hereafter, be designated by Franchisor for use in connection with the SBC SYSTEM

(collectively referred to as the "Proprietary Marks");

 WHEREAS, pursuant to a Master License Agreement and First Amendment

thereto, both dated July 13, 2003, by and between Cinnabon Inc., SBC and Seattle

Coffee Company, SBC granted a license to CBI for the use of the SBC System and

proprietary marks in performing its obligations under this Agreement;

 WHEREAS, Franchisor continues to develop, use, and control the use of

such Proprietary Marks in order to identify for the public the source of

services and products marketed thereunder in the SBC SYSTEM and to represent the

System's high standards of quality, appearance, and service;

 WHEREAS, Franchisee wishes to be assisted, trained, and licensed by

Franchisor as an SBC franchisee and licensed to use, in connection therewith,

the SBC SYSTEM and to continuously operate one SBC Retail Unit at the location

specified in Section 1.01 herein (the "Franchised Location");

 WHEREAS, Franchisee understands the importance of the SBC SYSTEM and

SEATTLE'S BEST COFFEE'S high and uniform standards of quality, cleanliness,

appearance, and service, and the necessity of opening and operating SBC RETAIL

UNITS in conformity with the SBC SYSTEM;

 NOW, THEREFORE, the parties hereto agree as follows:

I. APPOINTMENT

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 1.01. Franchisor grants to Franchisee a franchise to open and

operate an SBC Unit (the "Franchised Unit", or "Franchised Business") at one

location only, such location to be described as:

STORE NUMBER:

FRANCHISED

LOCATION:

UNIT FORMAT: [ ] SBC Cafe [ ] SBC Kiosk

 [ ] Traditional Venue [ ] Captive Venue

upon the terms and conditions herein contained and subject to the terms and

conditions contained in the development agreement between Franchisor and

Franchisee, dated \_\_\_\_\_\_\_\_\_, (the "Development Agreement"), which is

incorporated herein by reference; and a license to use in connection therewith

Franchisor's Proprietary Marks and the SBC SYSTEM. Franchisee may not operate

the Franchised Unit at any site other than the Franchised Location.

 1.02. Except as otherwise set forth herein, (a) the franchise

granted to Franchisee under this Agreement is non-exclusive, and grants to

Franchisee the rights to establish and operate the Franchised Unit at only the

specific location set forth hereinabove, (b) no exclusive, protected or other

territorial rights in the contiguous area or market of such Franchised Unit or

otherwise is hereby granted or to be inferred and (c) Franchisor and/or its

affiliates have the right to operate and grant as many other franchises for the

operation of SBC Retail Units, anywhere in the world, as they shall, in their

sole discretion, elect. In addition to the foregoing, Franchisor may sell SBC

brand coffee and related coffee products anywhere, including, but not limited

to, sales on the Internet, by mail order, or through wholesale distribution

channels, including, but not limited to independent coffee retailers, department

stores, food marts, restaurants, cafes and grocery stores, during and after the

term of this Agreement ("Wholesale Accounts"). Wholesale Accounts of Franchisor

may, in return, sell SBC coffee and related products under the same or different

trademarks.

 1.03. Nothing herein shall be deemed to be a grant to Franchisee of

any rights as a commercial agent or distributor of SBC Coffee and/or coffee

products in any jurisdiction. Franchisor reserves the right, in its sole

discretion, to grant such rights to any third party, during or after the term of

this Agreement. Franchisee may not sell any SBC Coffee Products (as defined

herein) and/or any other materials, supplies, or inventory bearing the

Proprietary Marks anywhere except at the SBC Retail Unit, without SBC's prior

written consent. Franchisee shall specifically be prohibited from selling any

such items at wholesale, except as specifically agreed to, in writing, by

Franchisor. The foregoing restriction shall not apply to catering events and/or

the offer of samples of SBC coffee products at or directly in front of the

Franchised Unit.

 1.04. Franchisee acknowledges that, over time, Franchisor has

entered, and will continue to enter, into franchise agreements with other

franchisees that may contain provisions, conditions and obligations that differ

from those contained in this Agreement, including, without limitation, franchise

agreements for the operation of SBC Retail Units. The existence of different

forms of agreement and the fact that Franchisor and other franchisees may have

different rights and obligations does not affect the parties' duty to comply

with the terms of this Agreement.

II. TERM

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 2.01. Except as otherwise provided in this Agreement, the initial

term of this Franchise Agreement (the "Term") shall expire on the tenth (10th)

anniversary of the date of commencement of operation of the Franchised Unit. For

all purposes under this Agreement, the date of commencement of operation of the

Franchised Unit shall be the date verified in writing by Franchisor and

delivered to Franchisee in a form substantially similar to the "Notice" attached

hereto as Exhibit "A". Franchisee agrees and shall be obligated to operate the

Franchised Unit and perform hereunder for the full Term of this Agreement.

 2.02. Franchisee may, at its option, renew this franchise for one

(1) additional period of five (5) years, provided that, at the time of such

renewal:

 A. Franchisee gives Franchisor written notice of such

 election to renew not less than six (6) months nor

 more than twelve (12) months prior to the end of the

 then-current term. Failure by Franchisee to timely

 provide Franchisor the required notice constitutes a

 waiver by Franchisee of its option to remain a

 franchisee beyond the expiration of the Initial Term

 or the first Renewal Term;

 B. Franchisee executes Franchisor's then-current

 standard form of franchise agreement, which may

 include, without limitation, a higher royalty fee and

 a higher advertising contribution, if any, than that

 contained in this Agreement; and the term of which

 shall be the renewal term as specified in Section

 2.02. hereof, but shall contain no further renewal

 rights;

 C. Franchisee shall execute a general release and a

 covenant not to sue, in a form satisfactory to

 Franchisor, of any and all claims against Franchisor

 and its subsidiaries and affiliates, and their

 respective past and present officers, directors,

 shareholders, agents and employees, in their

 corporate and individual capacities, including,

 without limitation, claims arising under federal,

 state and local laws, rules and ordinances, and

 claims arising out of, or relating to, this

 Agreement, any other agreements between Franchisee

 and Franchisor and Franchisee's operation of the

 Franchised Unit and/or other SBC Retail Units

 operated by Franchisee;

 D. Franchisee is not in default under this Agreement or

 any other agreements between Franchisee and

 Franchisor (or any parent, subsidiary or affiliate of

 Franchisor), and Franchisee has fully and faithfully

 performed all of Franchisee's obligations throughout

 the term of this Agreement; Franchisee is not in

 default beyond the applicable cure period under any

 real estate lease, equipment lease or financing

 instrument relating to the Franchised Unit;

 Franchisee is not in default beyond the applicable

 cure period with any vendor or supplier to the

 Franchised Unit; and, Franchisee shall not have been

 in default beyond the applicable cure period under

 this Agreement or any other agreements between

 Franchisor and Franchisee more than 3 times during

 the period 12 months before the date of Franchisee's

 notice and 12 months before the expiration of the

 Initial Term;

 E. Franchisee has paid or otherwise satisfied all

 monetary obligations owed by Franchisee to Franchisor

 and its subsidiaries and affiliates and any

 indebtedness of Franchisee which is guaranteed by

 Franchisor, and Franchisee has timely paid or

 otherwise satisfied these obligations throughout the

 term of this Agreement;

 F. Franchisee agrees, at its sole cost and expense, to

 reimage, renovate, refurbish and modernize the

 Franchised Unit, within the time frame required by

 Franchisor, including the building design, parking

 lot, landscaping, equipment, signs, interior and

 exterior decor items, fixtures, furnishings, trade

 dress, color scheme, presentation of trademarks

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 and service marks, supplies and other products and

 materials to meet Franchisor's then-current

 standards, specifications and design criteria for SBC

 RETAIL UNITS , as contained in the then-current

 franchise agreement, Confidential Operating Standards

 Manual (as defined herein), or otherwise in writing,

 including, without limitation, such structural

 changes, remodeling and redecoration and such

 modifications to existing improvement as may be

 necessary to do so;

 G. Franchisee shall pay to Franchisor a renewal fee

 equal to fifty percent (50%) of Franchisor's standard

 initial franchise fee in effect at the date of

 renewal.

 H. Franchisee and its employees at the Franchised Unit

 shall be in compliance with the then-current SBC

 System training requirements.

 I. Franchisee has the right to remain in possession of

 the premises of the Franchised Unit, or other

 premises acceptable to Franchisor, for the Renewal

 Term and all monetary obligations owed to

 Franchisee's landlord must be current.

 J. As determined by Franchisor in its sole discretion,

 Franchisee has operated the Franchised Unit in

 accordance with this Agreement and the SBC System (as

 set forth in the Manual or otherwise in writing and

 as revised from time to time) and has operated all of

 its other SBC Retail Units that are franchised by

 Franchisor in accordance with the applicable

 franchise agreements.

III. FEES

 3.01. In consideration of the franchise granted to Franchisee

herein, Franchisee shall pay to the Franchisor the following:

 A. A franchise fee of \_\_\_\_\_\_\_\_\_\_\_THOUSAND DOLLARS

 ($\_\_\_\_\_\_\_\_\_) payable upon execution of this Agreement

 by Franchisee, less \_\_\_\_\_\_\_\_\_\_ Dollars ($\_\_\_\_\_\_\_\_),

 representing the portion of the Development Fee (as

 defined in the Development Agreement), applicable to

 the Franchise Fee payable hereunder. Such franchise

 fee shall be fully earned by Franchisor upon

 execution of this Agreement by Franchisee and is in

 addition to any development fees paid to Franchisor

 by Franchisee.

 B. A recurring, non-refundable royalty fee of FOUR

 PERCENT (4%) of Gross Sales (as defined herein)

 during the term of this Agreement, payable weekly, on

 the Gross Sales of the preceding week (or on such

 other basis as may be set forth in the Confidential

 Operating Standards Manual (as defined herein) or

 otherwise agreed to in writing by Franchisor). Upon

 thirty (30) days prior written notice, Franchisor may

 require Franchisee to authorize Franchisor to make

 electronic debits from Franchisee's operating account

 as a means of paying the royalty fee.

 3.02. In addition to the payments provided for in Section 3.01.

hereof, Franchisee, recognizing the value of advertising and the importance of

the standardization of advertising and promotion to the goodwill and public

image of the System, agrees to pay to the SEATTLE'S BEST COFFEE national

marketing fund (the "NMF", f/k/a "NCP Fund") a recurring, non-refundable

contribution ("NMF Contribution", f/k/a "NCP Fund Contribution") in an amount to

be determined by Franchisor, in its sole discretion, up to [ ] THREE PERCENT

(3%) [ ] ONE PERCENT (1%) of the Gross Sales of the Franchised Unit, payable

weekly, for the preceding week (or on such other basis as may be set forth in

the Confidential Operating Standards Manual or otherwise agreed to in writing by

Franchisor). Upon thirty (30) days prior written notice, Franchisor may require

Franchisee to authorize Franchisor to make electronic

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debits from Franchisee's operating account as a means of paying the NMF

Contribution. The NMF Contribution shall be expended by the NMF for national,

regional, and/or local advertising and promotional materials and market research

for the SBC SYSTEM, under the following conditions and limitations:

 A. The NMF, all contributions thereto, and any earnings

 thereon, shall be used exclusively to pay any and all

 costs of maintaining, administering, directing,

 producing and preparing market research, advertising,

 marketing materials and/or promotional activities for

 the SBC SYSTEM. Franchisee shall pay the NMF

 Contribution by separate check made payable to the

 NMF. All sums paid by the Franchisee to the NMF shall

 be maintained in an account separate from other funds

 of Franchisor and shall not be used to defray any of

 Franchisor's expenses except as provided herein, and

 as Franchisor may incur in activities reasonably

 related to the administration or direction of the NMF

 and advertising and marketing programs for

 franchisees and the SBC SYSTEM. The NMF and its

 earnings shall not otherwise inure to the benefit of

 Franchisor. Franchisor shall maintain a separate

 bookkeeping account for the NMF.

 B. The selection of media and locale for media placement

 shall be at the sole discretion of the Franchisor.

 C. All reasonable costs incurred by Franchisor or

 charged to Franchisor by third parties for market

 research and the production and dissemination of

 advertising, marketing and promotional materials may

 be charged to the NMF.

 D. Franchisor, upon request, shall provide Franchisee

 with an annual accounting of receipts and

 disbursements of the NMF.

 E. It is anticipated that all contributions to and

 earnings of the NMF will be expended for market

 research, costs of creating and producing advertising

 materials, marketing and/or promotional purposes and

 reimbursement to Franchisor of costs directly related

 to the management of the NMF (including personnel

 costs) during the taxable year in which contributions

 and earnings are received. If, however, excess

 amounts remain in the NMF at the end of a taxable

 year, all expenditures in the following taxable

 year(s) shall be made first out of accumulated

 earnings from previous years, next out of earnings in

 the current year, and finally from contributions.

 F. The NMF is not, and shall not be, an asset of

 Franchisor. Although the NMF is intended to be of

 perpetual duration, Franchisor maintains the right to

 terminate the NMF; provided, however, that the NMF

 shall not be terminated until all monies in the NMF

 have been expended for the purposes stated herein.

 G. Franchisee understands that such advertising and

 marketing is intended to maximize the public's

 awareness of SBC Retail Units and the SBC System, and

 that Franchisor accordingly undertakes no obligation

 to insure that any individual Franchisee benefits

 directly or on a pro rata basis from the placement,

 if any, of such advertising or marketing in its local

 market. Franchisee further acknowledges that its

 failure to derive any such benefit, whether directly

 or indirectly, shall not be cause for Franchisee's

 nonpayment or reduction of the required contributions

 to the NMF.

 3.03. If any monetary obligations owed by Franchisee to Franchisor

and its subsidiaries and affiliates are more than seven (7) days overdue,

Franchisee shall, in addition to such obligations, pay to Franchisor a sum equal

to one and one-half percent (1-1/2%) of the overdue balance per month, or the

highest rate permitted by law, whichever is less, from the date said payment is

due.

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 3.04. For the purposes of this Agreement, the term "Gross Sales"

shall mean all revenues generated by Franchisee's business conducted upon, from

or with respect to the Franchised Unit, whether such sales are evidenced by

cash, check, credit, charge, account, barter or exchange. Gross Sales shall

include, without limitation, monies or credit received from the sale of food and

merchandise, from tangible property of every kind and nature, promotional or

otherwise, and for services performed from or at the Franchised Unit, including

without limitation such off-premises services as catering and delivery. Gross

Sales shall not include the sale of food or merchandise for which refunds have

been made in good faith to customers, the sale of equipment used in the

operation of the Franchised Unit, nor shall it include sales, meals, use or

excise tax imposed by a governmental authority directly on sales and collected

from customers; provided that the amount for such tax is added to the selling

price or absorbed therein, and is actually paid by Franchisee to such

governmental authority.

 3.05. In addition to the payments otherwise provided for in Section

3.02, above, Franchisee shall expend each month during the term of this

Franchise Agreement an amount to be determined by Franchisor, in its sole

discretion, up to [ ] TWO PERCENT (2%) [ ] ONE PERCENT (1%) of the Gross Sales

of the Franchised Unit for the preceding week, which sum shall be expended by

Franchisee for local advertising, which shall be conducted in a dignified manner

and shall conform to such standards and requirements as Franchisor may specify

(hereinafter the "Local Area Marketing Expenditure", f/k/a ""Local Advertising

Expenditure"). Franchisee shall not use any advertising or promotional plans or

materials unless and until Franchisee has received written approval from

Franchisor, pursuant to the procedures and terms set forth in Section 10.09.

hereof. Franchisee's Local Area Marketing Expenditure shall be reduced by an

amount equal to Franchisee's actual contribution, for the corresponding period,

to a Local Area Marketing Cooperative established pursuant to Section 10.06. of

this Agreement, if any.

 3.06. In addition to the payments provided for in Sections 3.01,

3.02 and 3.05 hereof, Franchisee shall expend at least [ ] TEN THOUSAND AND

NO/100 DOLLARS ($10,000.00) [ ] FIVE THOUSAND AND NO/100 DOLLARS ($5,000.00) for

grand opening advertising of the Franchised Unit during the first two (2) months

following the opening of the SBC Retail Unit, which advertising must be

approved, in advance, by Franchisor.

IV. ACCOUNTING AND RECORDS

 4.01. ACCURATE BOOKS AND RECORDS. During the Term of this Agreement,

Franchisee shall maintain and preserve, for at least three (3) years from the

dates of their preparation, full, complete and accurate books, records and

accounts in accordance with generally accepted accounting principles and in the

form and the manner prescribed by Franchisor from time-to-time in the

Confidential Operating Standards Manual or otherwise in writing. These records

shall include, without limitation, cash register sales tape (including

non-resettable readings), meals, sales and other tax returns, duplicate deposit

slips and other evidence of Gross Sales and all other business transactions.

 4.02. ROYALTY REPORTS. Franchisee shall submit to Franchisor, weekly

reports on forms prescribed by Franchisor, accurately reflecting all Gross Sales

during the preceding week and such other forms, reports, records, financial

statements or information as Franchisor may reasonably require in the

Confidential Operating Standards Manual, or otherwise in writing. Even if

Franchisor requires Franchisee to implement an electronic cash register system

that transmits Franchisee's Gross Sales to Franchisor on a periodic basis,

Franchisor may still require Franchisee to submit written reports.

 4.03. QUARTERLY STATEMENT. Franchisee shall, at its expense, submit

to Franchisor quarterly, within thirty (30) days following the end of each

quarter during the Term hereof, an unaudited financial statement with such

detail as Franchisor may reasonably require (hereinafter, "Quarterly Statement")

together with a certificate executed by Franchisee stating that such financial

statement is true and accurate. Upon Franchisor's request, Franchisee shall

submit to Franchisor, with each Quarterly Statement, copies of any state or

local sales tax returns

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("Sales Tax Returns") filed by Franchisee for the period included in the

Quarterly Statement. In the event Franchisee prepares financial statements on

the basis of thirteen (13), four (4) week periods ("Periods"), the Quarterly

Statements shall be submitted within thirty (30) days following the end of the

third (3rd), sixth (6th), ninth (9th) and thirteenth (13th) Periods.

 4.04. ANNUAL FINANCIAL STATEMENTS. Franchisee shall, at its expense,

submit to Franchisor within ninety (90) days following the end of each calendar

or fiscal year during the Term of this Agreement, an unaudited financial

statement for the preceding calendar or fiscal year with such detail and in a

format as Franchisor may reasonably require, together with a certificate

executed by Franchisee certifying that such financial statement is true and

accurate (hereinafter, "Annual Financial Statements") and such other information

in such form as Franchisor may reasonably require. Upon written request from

Franchisor, the foregoing Annual Financial Statement shall include both a profit

and loss statement and a balance sheet, and shall be prepared in accordance with

generally accepted accounting principles. In the event Franchisee defaults under

this Agreement, Franchisor may require, upon written notice to Franchisee, that

all Annual Financial Statements submitted thereafter include a "Review Report"

prepared by an independent Certified Public Accountant.

 4.05. OTHER REPORTS. Franchisee shall also submit to Franchisor, for

review or auditing, such other forms, financial statements, reports, records,

information and data as Franchisor may reasonably designate, in the form and at

the times and places reasonably required by Franchisor, upon request and as

specified from time-to-time in the Confidential Operating Standards Manual or

otherwise in writing. If Franchisee has combined or consolidated financial

information relating to the Franchised Unit with that of any other business or

businesses, including a business licensed by Franchisor, Franchisee shall

simultaneously submit to Franchisor, for review or auditing, the forms, reports,

records and financial statements (including, but not limited to the Quarterly

Statements and Annual Financial Statements) which contain the detailed financial

information relating to the Franchised Unit, separate and apart from the

financial information of such other businesses. Franchisee hereby authorizes all

of its suppliers and distributors to release to Franchisor, upon Franchisor's

request, any and all of its books, records, accounts or other information

relating to goods, products and supplies sold to Franchisee and/or the

Franchised Unit.

 4.06. EQUIPMENT. Franchisee shall record all sales on cash registers

or other point-of-sale equipment approved, in writing, by Franchisor

(hereinafter "POS Equipment"). Franchisee agrees that Franchisor shall have the

free and unfettered right to retrieve any data and information from Franchisee's

P.O.S. Equipment and computers as Franchisor, in its sole discretion, deems

appropriate, with the telephonic cost of the retrieval to be borne by

Franchisor, including electronically polling the daily sales, menu mix and other

data of the Franchised Unit.

 4.07. FRANCHISOR'S RIGHT OF AUDIT. Franchisor or its designated

agents or auditors shall have the right at all reasonable times to audit, review

and examine by any means, including electronically through the use of

telecommunications devices or otherwise, at its expense, the books, records,

accounts, and tax returns of Franchisee related to the Franchised Unit. If any

such audit, review or examination reveals that Gross Sales have been understated

in any report to Franchisor, Franchisee shall immediately pay to Franchisor the

royalty fee and NCP Fund Contribution due with respect to the amount understated

upon demand, in addition to interest from the date such amount was due until

paid, at the rate of one and one-half percent (1.5%) per month. If any such

understatement exceeds two percent (2%) of Gross Sales as set forth in the

report, Franchisee shall, in addition, upon demand, reimburse Franchisor for any

and all costs and expenses connected with such audit, review or examination

(including, without limitation, reasonable accounting and attorneys' fees). The

foregoing remedies shall be in addition to any other rights and remedies

Franchisor may have.

V. PROPRIETARY MARKS

 5.01. It is understood and agreed that the franchise granted herein

to use Franchisor's Proprietary Marks applies only to use in connection with the

operation of the Franchised Unit franchised in this Agreement at the

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location designated in Section I hereof, and includes only such Proprietary

Marks as are now designated or which may hereafter be designated, in the

Confidential Operating Standards Manual or otherwise in writing as a part of the

SBC System (which might or might not be all of the Proprietary Marks pertaining

to the System owned by the Franchisor), and does not include any other mark,

name, or indicia of origin of Franchisor now existing or which may hereafter be

adopted or acquired by Franchisor.

 5.02. With respect to Franchisee's use of the Proprietary Marks

pursuant to this Agreement, Franchisee acknowledges and agrees that:

 A. Franchisee shall not use the Proprietary Marks as

 part of Franchisee's corporate or other business

 name;

 B. Franchisee shall not hold out or otherwise use the

 Proprietary Marks to perform any activity or incur

 any obligation or indebtedness in such manner as

 might, in any way, make Franchisor liable therefor,

 without Franchisor's prior written consent;

 C. Franchisee shall execute any documents and provide

 such other assistance deemed necessary by Franchisor

 or its counsel to obtain protection for the

 Proprietary Marks or to maintain the continued

 validity of such Proprietary Marks; and

 D. Franchisor reserves the right to substitute different

 Proprietary Marks for use in identifying the System

 and the franchised businesses operating thereunder,

 and Franchisee agrees to immediately substitute

 Proprietary Marks upon receipt of written notice from

 Franchisor.

 5.03. Franchisee expressly acknowledges Franchisor's exclusive right

to use the marks "SEATTLE'S BEST COFFEE" and "SBC" for restaurant services,

coffee products, and other related food and beverage products; the building

configuration; and the other Proprietary Marks of the System. Franchisee agrees

not to represent in any manner that it has any ownership in the Proprietary

Marks or the right to use the Proprietary Marks except as provided in this

Agreement. Franchisee further agrees that its use of the Proprietary Marks shall

not create in its favor any right, title, or interest in or to the Proprietary

Marks, and that all of such use shall inure to the benefit of Franchisor.

 5.04. Franchisee acknowledges that the use of the Proprietary Marks

outside the scope of this license, without Franchisor's prior written consent,

is an infringement of Franchisor's exclusive right to use the Proprietary Marks,

and during the term of this Agreement and after the expiration or termination

hereof, Franchisee covenants not to, directly or indirectly, commit an act of

infringement or contest or aid in contesting the validity or ownership of

Franchisor's Proprietary Marks, or take any other action in derogation thereof.

 5.05. Franchisee shall promptly notify Franchisor of any suspected

infringement of, or challenge to, the validity of the ownership of, or

Franchisor's right to use, the Proprietary Marks licensed hereunder. Franchisee

acknowledges that Franchisor has the right to control any administrative

proceeding or litigation involving the Proprietary Marks. In the event

Franchisor undertakes the defense or prosecution of any litigation relating to

the Proprietary Marks, Franchisee agrees to execute any and all documents and to

do such acts and things as may, in the opinion of counsel for Franchisor, be

necessary to carry out such defense or prosecution. Except to the extent that

such litigation is the result of Franchisee's use of the Proprietary Marks in a

manner inconsistent with the terms of this Agreement, Franchisor agrees to

reimburse Franchisee for its out of pocket costs in doing such acts and things,

except that Franchisee shall bear the salary costs of its employees.

 5.06. Franchisee understands and agrees that its license with

respect to the Proprietary Marks is non-exclusive to the extent that Franchisor

has and retains the right under this Agreement:

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 A. To grant other licenses for the Proprietary Marks, in

 addition to those licenses already granted to

 existing franchisees;

 B. To develop and establish other franchise systems for

 the same, similar, or different products or services

 utilizing proprietary marks not now or hereafter

 designated as part of the System licensed by this

 Agreement, and to grant licenses thereto, without

 providing Franchisee any right therein; and

 C. To develop and establish other systems for the sale,

 at wholesale or retail, of similar or different

 products utilizing the same or similar Proprietary

 Marks, without providing Franchisee any right

 therein.

 5.07. Franchisee acknowledges and expressly agrees that any and all

goodwill associated with the System and identified by the Proprietary Marks used

in connection therewith shall inure directly and exclusively to the benefit of

Franchisor and is the property of Franchisor, and that upon the expiration or

termination of this Agreement or any other agreement, no monetary amount shall

be assigned as attributable to any goodwill associated with any of Franchisee's

activities in the operation of the Franchised Unit granted herein, or

Franchisee's use of the Proprietary Marks.

 5.08. Franchisee understands and acknowledges that each and every

detail of the SBC SYSTEM is important to Franchisee, Franchisor, and other

franchisees in order to develop and maintain high and uniform standards of

quality and services, and hence to protect the reputation and goodwill of SBC

RETAIL UNITS. Accordingly, Franchisee covenants:

 A. To operate and advertise the Franchised Unit, at

 Franchisee's own expense, under the name "SEATTLE'S

 BEST COFFEE," without prefix or suffix;

 B. To adopt and use the Proprietary Marks licensed

 hereunder solely in the manner prescribed by

 Franchisor;

 C. To observe such reasonable requirements with respect

 to trademark registration notices as Franchisor may

 from time to time direct in the Confidential

 Operating Standards Manual or otherwise in writing.

 5.09. In order to preserve the validity and integrity of the

Proprietary Marks licensed herein and to assure that Franchisee is properly

employing the same in the operation of the Franchised Unit, Franchisor or its

agents shall at all reasonable times have the right to inspect Franchisee's

operations, premises, and Franchised Unit and make periodic evaluations of the

services provided and the products sold and used therein. Franchisee shall

cooperate with Franchisor's representatives in such inspections and render such

assistance to the representatives as may reasonably be requested.

 5.10. Franchisee shall not hold out or otherwise employ the

Proprietary Marks to perform any activity, or to incur any obligation or

indebtedness in such a manner as might, in any way, make Franchisor liable

therefor, without Franchisor's prior written consent.

VI. OBLIGATIONS OF CORPORATE OR PARTNERSHIP FRANCHISEE

 6.01. If Franchisee, or any successor to or assignee of Franchisee,

is a corporation, or limited liability company:

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 A. Franchisee shall furnish to Franchisor, upon

 execution or any subsequent transfer of this

 Agreement, a copy of the Franchisee's Articles of

 Incorporation, Certificate of Incorporation, Bylaws

 and a list of shareholders showing the percentage

 interest of each, and shall thereafter promptly

 furnish Franchisor with a copy of any and all

 amendments or modifications thereto;

 B. Franchisee shall promptly furnish Franchisor, on a

 regular basis, with certified copies of such

 corporate records (or limited liability company

 records) material to the Franchised Business as

 Franchisor may require from time to time in the

 Confidential Operating Standards Manual or otherwise

 in writing; and

 C. Franchisee shall maintain stop-transfer instructions

 against the transfer, on its records, of any

 securities with voting rights, subject to the

 restrictions of this Agreement, and each stock

 certificate of the corporate Franchisee representing

 each share of stock, shall have conspicuously

 endorsed upon it the following legend:

 "THE TRANSFER OF THIS STOCK IS SUBJECT

 TO THE TERMS AND CONDITIONS OF A

 SEATTLE'S BEST COFFEE FRANCHISE

 AGREEMENT WITH SEATTLE'S BEST COFFEE,

 LLC. DATED \_\_\_\_\_\_\_\_\_\_\_. REFERENCE IS

 MADE TO THE PROVISIONS OF SAID

 FRANCHISE AGREEMENT AND TO THE ARTICLES

 AND BY-LAWS OF THIS CORPORATION."

 6.02. If the Franchisee, or any successor to or assignee of

 Franchisee, is a partnership, limited partnership or limited

 liability partnership, Franchisee shall furnish to Franchisor,

 upon execution or any subsequent transfer of this Agreement, a

 copy of Franchisee's Articles of Partnership, if any, and

 Partnership Agreement, and shall thereafter promptly furnish

 Franchisor with a copy of any and all amendments or

 modifications thereto.

 6.03. Franchisee shall, upon execution of this Agreement, furnish to

Franchisor a completed Statement of Legal Composition attached as Exhibit C

hereto as to all the parties with an ownership interest in Franchisee, the

amount of such ownership interests, the jurisdiction in which Franchisee is

legally incorporated or organized, and other information specified. Franchisee

shall thereafter furnish to Franchisor an updated Statement of Legal Composition

promptly when requested by Franchisor. Franchisee shall promptly advise

Franchisor of any change in such information. Franchisee warrants, represents,

and covenants to Franchisor that all of the information furnished in the

completed Statement of Legal Composition is true and correct as of the date of

this Agreement, and when subsequently furnished to Franchisor.

VII. CONFIDENTIAL OPERATING STANDARDS MANUAL.

 7.01. In order to protect the reputation and goodwill of Franchisor

and the SBC SYSTEM and to maintain uniform standards of operation under

Franchisor's Proprietary Marks, Franchisee shall conduct the Franchised Business

in accordance with Franchisor's Confidential Operating Standards Manual

(hereinafter, together with any other manuals created or approved for use in the

operation of the Franchised Business granted herein, and all amendments and

updates thereto, the "Manual").

 7.02. Franchisee shall at all times treat the Manual, and the

information contained therein, as confidential, and shall use all reasonable

efforts to keep such information secret and confidential. Franchisee shall not,

at any time, without Franchisor's prior written consent, copy, duplicate,

record, or otherwise make the Manual available to any unauthorized person or

entity.

 7.03. The Manual shall at all times remain the sole property of

Franchisor.

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 7.04. In order for Franchisee to benefit from new knowledge

information, methods and technology adopted and used by Franchisor in the

operation of the System, Franchisor may from time-to-time revise the Manual and

Franchisee agrees to adhere to and abide by all such revisions.

 7.05. Franchisee agrees at all times to keep its copy of the Manual

current and up-to-date, and in the event of any dispute as to the contents of

Franchisee's Manual, the terms of the master copy of the Manual maintained by

Franchisor at Franchisor's home office, shall be controlling.

 7.06. The Manual is intended to further the purposes of this

Agreement, and is specifically incorporated, by reference, into this Agreement.

Except as otherwise set forth in this Agreement, in the event of a conflict

between the terms of this Agreement and the terms of the Manual, the terms of

this Agreement shall control.

VIII. TRAINING

 8.01. Franchisee, a partner of Franchisee if Franchisee is a

partnership, or a principal shareholder of Franchisee if Franchisee is a

corporation (or a principal member of Franchisee if Franchisee is a limited

liability company), must complete, to Franchisor's satisfaction, the SEATTLE'S

BEST COFFEE New Franchisee Orientation Program ("NFOP") prior to opening the

first franchised SBC RETAIL UNIT operated by Franchisee. NFOP shall consist of

up to three (3) days of workshops and seminars conducted at a training facility

and designated by Franchisor.

 8.02. In addition to completing the NFOP, Franchisee (or a partner,

principal shareholder, principal member of Franchisee, or an Operations

Director/District Manager designated by Franchisee, and at least one designated

management employees of Franchisee (and, in all instances, a senior management

employee of Franchisee responsible for daily operations of the Franchised Unit),

must attend and complete, to Franchisor's satisfaction, the SBC FRANCHISE

ACADEMY PROGRAM ("FAP"), prior to opening the Franchised Unit. FAP l consists of

up to four (4) weeks of classroom and and operations training at an SBC Cafe

designated by Franchisor (an "SBC Certified Training Cafe"). A management

employee of Franchisee that successfully completes FAP, shall be certified by

Franchisor as an "SBC Certified Manager".

 8.03. Franchisee shall maintain the number of FAP Certified Managers

designated by the Franchisor in the employ of the Franchised Unit throughout the

term of this Agreement, which in no event shall be less than one (1). In the

event that Franchisee or any SBC Certified Manager ceases active employment at

the Franchised Unit, Franchisee must enroll a qualified replacement in FAP

within thirty (30) days of cessation of such individual's employment. The

replacement employee shall attend and complete the next regularly scheduled FAP

to Franchisor's satisfaction.

 8.04. The cost of conducting the initial NFOP and FAP (instruction

and required materials) shall be borne by Franchisor. All other expenses during

NFOP and FAP, including meals and lodging, wages and travel, shall be borne by

Franchisee.

 8.05. Franchisor reserves the right to test any and all SBC

Certified Managers at any time, and may require such individuals to attend and

complete additional training at a training facility designated by Franchisor,

and at Franchisee's sole cost and expense, in the event they fail to achieve a

satisfactory score on such test. Additionally, Franchisor may make available to

Franchisee or Franchisee's employees, from time to time, such additional

training programs as Franchisor, in its sole discretion, may choose to conduct.

Attendance at said training programs may be mandatory. The cost of conducting

such additional training programs (instruction and required materials) shall be

borne by Franchisor. All other expenses during the training period, including

meals and lodging, wages and travel, shall be borne by the Franchisee.

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IX. DUTIES OF THE FRANCHISOR

 9.01. Franchisor will make available to Franchisee standard plans

and specifications to be utilized only in the construction of the Franchised

Unit. No modification to or deviations from the standard plans and

specifications may be made without the written consent of Franchisor. Franchisee

shall obtain, at its expense, further qualified architectural and engineering

services to prepare surveys, site and foundation plans, and to adapt the

standard plans and specifications to applicable local or state laws, regulations

or ordinances. Franchisee shall bear the cost of preparing plans containing

deviations or modifications from the standard plans.

 9.02. Franchisor shall provide consultation and advice to Franchisee

as Franchisor deems appropriate with regard to construction or renovation and

operation of the Franchised Unit, building layout, furnishings, fixtures and

equipment plans and specifications, employee selection and training, purchasing

and inventory control and those other matters as Franchisor deems appropriate.

 9.03. Franchisor will make available to Franchisee such continuing

advisory assistance in the operation of the Franchised Business, in person or by

electronic or written bulletins made available from time to time, as Franchisor

may deem appropriate.

 9.04. Franchisor, in its sole discretion, may provide opening

assistance to Franchisee at the Franchised Unit.

 9.05. Franchisor will loan one (1) copy of the Manual to Franchisee

for the duration of this Agreement, which the Manual contains the standards,

specifications, procedures and techniques of the SBC System.

 9.06. Franchisor will continue its efforts to maintain high and

uniform standards of quality, cleanliness, appearance and service at all SBC

Retail Units, to protect and enhance the reputation of the SBC System and the

demand for the products and services of the System. Franchisor will establish

uniform criteria for approving suppliers; make every reasonable effort to

disseminate its standards and specifications to prospective suppliers of the

Franchisee upon the written request of the Franchisee, provided that Franchisor

may elect not to make available to prospective suppliers the standards and

specifications for such food formulae or equipment designs deemed by Franchisor

in its sole discretion to be confidential; and may conduct periodic inspections

of the premises and evaluations of the products used and sold at the Franchised

Unit and in all other SBC Retail Units.

 9.07. Franchisor will provide training to Franchisee as set forth in

Article VIII hereof.

X. DUTIES OF THE FRANCHISEE

 Franchisee understands and acknowledges that every detail of the System

is important to Franchisor, Franchisee and other franchisees in order to develop

and maintain high and uniform operating standards, to increase the demand for

SEATTLE'S BEST COFFEE products and services, and to protect the reputation and

goodwill of Franchisor. Accordingly, Franchisee agrees that:

 10.01. Franchisee shall maintain, at all times during the term of

this Agreement, at Franchisee's expense, the premises of the Franchised Unit and

all fixtures, furnishings, signs, systems and equipment (hereinafter

"improvements") thereon or therein, in conformity with Franchisor's high

standards and public image and to make such additions, alterations, repairs, and

replacements thereto (but no others, without Franchisor's prior written consent)

as may be required by Franchisor, including but not limited to the following:

 A. To keep the Franchised Unit in the highest degree of

 sanitation and repair, including, without limitation,

 such periodic repainting, repairs or replacement of

 impaired equipment, and replacement of obsolete

 signs, as Franchisor may reasonably direct;

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 B. To meet and maintain the highest governmental

 standards and ratings applicable to the operation of

 the Franchised Business;

 C. At its sole cost and expense, to complete a full

 reimaging, renovation, refurbishment and

 modernization of the Franchised Unit, within the time

 frame required by Franchisor, including the building

 design, parking lot, landscaping, equipment, signs,

 interior and exterior decor items, fixtures,

 furnishings, trade dress, color scheme, presentation

 of trademarks and service marks, supplies and other

 products and materials, to meet Franchisor's

 then-current standards, specifications and design

 criteria for SBC Retail Units, including without

 limitation, such structural changes, remodeling and

 redecoration and such modifications to existing

 improvements as may be necessary to do so

 (hereinafter, a "Franchised Unit Renovation").

 Franchisee shall not be required to perform a

 Franchised Unit Renovation if there are less than

 three (3) years remaining on the term of this

 Agreement, and/or the lease for the premises occupied

 by the Franchised Unit. Nothing herein shall be

 deemed to limit Franchisee's other obligations,

 during the term of this Agreement, to operate the

 Franchised Unit in accordance with Franchisor's

 standards and specifications for the SBC System,

 including, but not limited to, the obligations set

 forth in this Section X.

 10.02. Franchisee shall operate the Franchised Unit in conformity

with such uniform recipes, methods, standards, and specifications as Franchisor

may from time to time prescribe in the Manual or otherwise in writing, to insure

that the highest degree of quality, service and cleanliness is uniformly

maintained and to refrain from any deviation therefrom and from otherwise

operating in any manner which reflects adversely on Franchisor's name and

goodwill or on the Proprietary Marks, and in connection therewith:

 A. To maintain in sufficient supply, and use at all

 times, only such ingredients, products, materials,

 supplies, and paper goods as conform to Franchisor's

 standards and specifications, and to refrain from

 deviating therefrom by using non-conforming items,

 without Franchisor's prior written consent;

 B. To sell or offer for sale only proprietary "Seattle's

 Best Coffee" brand coffee products and such other

 products and menu items that have been expressly

 approved for sale in writing by Franchisor, meet

 Franchisor's uniform standards of quality and

 quantity and as have been prepared in accordance with

 Franchisor's methods and techniques for product

 preparation; to sell or offer for sale the minimum

 menu items specified in the Manual or otherwise in

 writing; to refrain from any deviation from

 Franchisor's standards and specifications for serving

 or selling the menu items, without Franchisor's prior

 written consent; and to discontinue selling or

 offering for sale such items as Franchisor may, in

 its discretion, disapprove in writing at any time;

 C. To use the premises of the Franchised Unit solely for

 the purpose of conducting the business franchised

 hereunder, and to conduct no other business or

 activity thereon, whether for profit or otherwise,

 without Franchisor's prior written consent;

 D. To keep the Franchised Unit open and in normal

 operation during such business hours as Franchisor

 may prescribe in the Manual or otherwise in writing;

 E. To permit Franchisor or its agents, at any time

 during ordinary business hours, to remove from the

 Franchised Unit samples of any ingredients, products,

 materials, supplies, and paper goods used in the

 operation of the Franchised Unit, without payment

 therefor, in amounts reasonably necessary for testing

 by Franchisor or an independent laboratory, to

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 determine whether such samples meet Franchisor's

 then-current standards and specifications. In

 addition to any other remedies it may have under this

 Agreement, Franchisor may require Franchisee to bear

 the cost of such testing if any such ingredient,

 products, materials, supplier or paper goods have

 been obtained from a supplier not approved by

 Franchisor, or if the sample fails to conform to

 Franchisor's specifications;

 F. To purchase, install and construct, at Franchisee's

 expense, all improvements furnishings, signs and

 equipment specified in the approved standard plans

 and specifications, and such other furnishings, signs

 or equipment as Franchisor may reasonably direct from

 time to time in the Manual or otherwise in writing;

 and to refrain from installing or permitting to be

 installed on or about the premises of the Franchised

 Unit, without Franchisor's written consent, any

 improvements, furnishings, signs or equipment not

 first approved in writing as meeting Franchisor's

 standards and specifications;

 G. To comply with all applicable federal, state and

 local laws, regulations and ordinances pertaining to

 the operation of the Franchised Business; and

 H. Franchisee shall grant Franchisor and its agents the

 right to enter upon the premises of the Franchised

 Unit at any time during ordinary business hours for

 the purpose of conducting inspections; cooperate with

 Franchisor's representatives in such inspections by

 rendering such assistance as they may reasonably

 request; and, upon notice from Franchisor or its

 agents, and without limiting Franchisor's other

 rights under this Agreement, take such steps as may

 be necessary immediately to correct the deficiencies

 detected during any such inspection, including,

 without limitation, immediately desisting from the

 further use of any equipment, promotional materials,

 products, or supplies that do not conform with

 Franchisor's then-current specifications, standards,

 or requirements.

 10.03. To maintain the quality and distinct characteristics of fine

specialty coffee flavors that customers associate with the SBC System and the

Proprietary Marks, Franchisee shall offer and sell only SEATTLE'S BEST COFFEE

brand coffee and coffee products at or from the Franchised Unit and must

purchase all of its coffee and coffee products from Franchisor or its designee

("SBC Coffee Products"), and prepare all coffee products at the Franchised Unit

using Franchisor's proprietary recipes and methods of operation. Franchisor will

sell SBC Coffee Products to Franchisee on standard purchase terms that may vary

from time to time, F.O.B. Franchisor's designated distribution center, with all

freight, duties and shipping charges at Franchisee's sole cost and expense.

Franchisor will give prior notice of any material changes in purchase terms.

 10.04. Franchisee shall (i) purchase all other ingredients, products,

materials, supplies, and other items required in the operation of the Franchised

Unit which are or incorporate trade-secrets of Franchisor, as designated by

Franchisor ("Trade-Secret Products") only from Franchisor or suppliers

designated by Franchisor.

 10.05. Franchisee shall purchase all other ingredients, products,

materials, supplies, paper goods, and other items required for the operation of

the Franchised Business, except SBC Coffee Products and Trade-Secret Products,

solely from suppliers who demonstrate, to the continuing reasonable satisfaction

of Franchisor, the ability to meet Franchisor's reasonable standards and

specifications for such items; who possess adequate quality controls and

capacity to supply Franchisee's needs promptly and reliably; and who have been

approved in writing by Franchisor and such approval has not thereafter been

revoked. If Franchisee desires to purchase any such items from an unapproved

supplier, Franchisee shall submit to Franchisor a written request for approval,

or shall request the supplier itself to seek approval. Franchisor shall have the

right to require, as a condition of its approval, that its representatives be

permitted to inspect the supplier's facilities, and that samples from the

supplier be delivered, at Franchisor's option, either to Franchisor or to an

independent laboratory designated by Franchisor for testing prior to granting

approval. A charge not to exceed Franchisor's reasonable cost of inspection and

the actual cost of testing shall be paid by the supplier or Franchisee.

Franchisor reserves the right, at its option, to reinspect the facilities and

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products of any such approved supplier from time to time and to revoke its

approval upon failure of such supplier to continue to meet any of the foregoing

criteria.

 10.06. Advertising Cooperative. Franchisor shall have the right, in

its sole discretion, to designate any geographic area (which may consist of any

portion of a country or jurisdiction and/or more than one country or

jurisdiction) for the purposes of establishing an advertising cooperative

("Cooperative").

 A. If a Cooperative has been established in the

 geographic area in which the Franchised Unit is

 located, Franchisee shall become a member of such

 Cooperative upon commencement of operation of the

 Franchised Unit, if the Cooperative is in existence

 at that time or no later than thirty (30) days after

 the date on which the Cooperative commences

 operation. In no event shall Franchisee be required

 to be a member of more than one Cooperative with

 respect to the Franchised Unit.

 B. If a Cooperative has been established, Franchisee

 shall contribute an amount, to be determined by the

 Cooperative, which shall be not more than [ ] TWO

 PERCENT (2%) [ ] ONE PERCENT (1%) of the Gross Sales

 of the Franchised Unit, payable each week, for the

 preceding week (or such other period as may be set

 forth, in writing, by the Cooperative).

 C. Each Cooperative shall be organized and governed in a

 form and manner, and shall commence operations on a

 date, approved in advance by Franchisor in writing.

 (1) Each Cooperative shall be organized for the

 exclusive purpose of administering regional

 advertising programs and developing, subject

 to Franchisor's approval, standardized

 promotional materials for use by its members

 in local advertising.

 (2) No advertising or promotional plans or

 materials may be used by a Cooperative or

 furnished to its members without the prior

 approval of the Franchisor, pursuant to the

 procedures and terms set forth in Section

 10.09. hereof.

 (3) Franchisee shall pay its required

 contribution to the Cooperative each week on

 Gross Sales for the preceding week, together

 with such other statements or reports as may

 be required by Franchisor, or by the

 Cooperative with the Franchisor's prior

 written approval.

 D. Franchisor, in its sole discretion, may grant an

 exemption to any franchisee for any length of time

 from the requirement of membership in a Cooperative,

 and/or from the obligation to contribute thereto

 (including a reduction, deferral or waiver of such

 contribution), upon written request of such

 franchisee stating reasons supporting such exemption.

 Franchisor's decision concerning such request for

 exemption shall be final. If an exemption is granted

 to a franchisee, such franchisee shall be required to

 expend on local advertising, during each Period, the

 same amount as would otherwise be assessed by the

 Cooperative, as set forth in Section 10.06.B hereof.

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 10.07. Franchisor disclaims all express or implied warranties

concerning any approved products or services, including, without limitation, any

warranties as to merchantability, fitness for a particular purpose,

availability, quality, pricing or profitability. Franchisee acknowledges that

Franchisor may, under appropriate circumstances, receive fees, commissions,

field-of-use license royalties, or other consideration from approved suppliers

based on sales to franchisees, and that Franchisor may charge non-approved

suppliers reasonable testing or inspection fees.

 10.08. All local advertising by Franchisee shall be in such media,

and of such type and format as Franchisor may approve; shall be conducted in a

dignified manner; and shall conform to such standards and requirements as

Franchisor may specify. Franchisee shall not use any advertising or promotional

plans or materials unless and until Franchisee has received written approval

from Franchisor, pursuant to the procedures and terms set forth in Section 10.09

hereof.

 10.09. All advertising and promotional plans proposed to be used by

Franchisee or the Cooperative, where applicable, except such plans and materials

that have been previously approved by Franchisor shall be submitted to

Franchisor for Franchisor's written approval (except with respect to prices to

be charged) prior to any use thereof. Franchisor shall use its best efforts to

complete its review of Franchisee's proposed advertising and promotional plans

within fifteen (15) days after Franchisor receives such plans. If written

approval is not received by Franchisee or the Cooperative from Franchisor within

fifteen (15) days after receipt by Franchisor of such plans, Franchisor shall be

deemed to have disapproved such plans.

 10.10. Franchisee shall, at Franchisor's request, require all of its

supervisory employees, as a condition of their employment, to execute an

agreement prohibiting them, during the term of their employment or thereafter,

from communicating, divulging, or using for the benefit of any person, persons,

partnership, association, corporation or other entity any confidential

information, trade secrets, knowledge, or know-how concerning the SBC System or

methods of operation of the Franchised Unit which may be acquired as a result of

their employment with Franchisee or other franchisees. A duplicate original of

each such agreement shall be provided by Franchisee to Franchisor immediately

upon execution.

 10.11. If Franchisee operates more than five (5) Franchised Units,

Franchisee shall have a supervisor, which may be Franchisee, to supervise and

coordinate the operation of the Franchised Units (hereinafter, a "Supervisor").

In addition to the foregoing, Franchisee shall employ an additional Supervisor

upon the opening of Franchisee's sixth (6th) Franchised Unit and upon the

opening of each successive fifth (5th) Franchised Unit thereafter. Each

Supervisor shall attend and successfully complete the CMT program set forth in

Section 8.02 hereof prior to assuming any supervisory responsibilities and shall

meet such other standards as Franchisor may reasonably impose. No Supervisor may

have supervisory responsibility for more than five (5) Franchised Units.

 10.12. If at any time the Franchised Unit is proposed to be operated

by an entity or individual other than the Franchisee, Franchisor reserves the

right to review and approve the operating entity or individual and to require

and approve an operating agreement prior to such party's assumption of

operations. Franchisor may, in its sole discretion, reject either the operating

entity, the individual operator or the operating agreement. If approved by

Franchisor, the operating entity and/or individual shall agree in writing to

comply with all of Franchisee's obligations under the Franchise Agreement as

though such party were the franchisee designated therein, on such form as may be

designated by Franchisor. The operation of the Franchised Unit by any party

other than Franchisee, without Franchisor's prior written consent, shall be

deemed a material default of this Agreement for which Franchisee may terminate

this Agreement pursuant to the provisions of Section 15.02 hereof.

 10.13. Franchisee shall become a member of any purchasing cooperative

established by Franchisor for the SEATTLE'S BEST COFFEE System and shall remain

a member in good standing thereof throughout the term of this Agreement and

shall pay all reasonable membership fees assessed by such purchasing

association.

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 10.14. Franchisee shall, within thirty (30) days from receipt of

written notice from Franchisor, at its sole cost and expense, purchase and

install at the Franchised Unit and/or at Franchisee's principal business office

such computer hardware and software equipment, required dedicated telephone and

power lines, modems, printers and other computer related accessory and

peripheral equipment as Franchisor specifies in the Manual or otherwise in

writing (the "Required Computer Equipment"). The Required Computer Equipment

shall include telecommunications devices and may include a single software

program or set of programs, all of which must be obtained in accordance with the

Franchisor's standards and specifications. The Required Computer Equipment shall

permit 24 hour per day electronic communications between Franchisor and

Franchisee including access to the internet and Franchisor's current intranet,

or any successor thereto. Franchisee shall only be required to purchase and

install the Required Computer Equipment at one, central location, which shall

satisfy the conditions of this Section 10.02 (or its equivalent) for all

Franchised Units operated by Franchisee, provided information for all Franchise

Units is maintained at such location.

 10.15 Franchisee shall comply with all other requirements set forth

in this Agreement.

XI. INSURANCE

 11.01. Insurance Program. Franchisee shall procure, prior to

commencement of construction of the Franchised Unit, and shall maintain in full

force and effect during the Term of this Agreement at Franchisee's expense, an

insurance policy or policies protecting Franchisee and Franchisor, and their

officers, directors, agents and employees, against any loss, liability, or

expense whatsoever from personal injury, death or property damage or casualty,

including, fire, lightning, theft, vandalism, malicious mischief, and other

perils normally included in an extended coverage endorsement arising from,

occurring upon or in connection with the construction, operation or occupancy of

the Franchised Unit, as Franchisor may reasonably require for its own and

Franchisee's protection.

 11.02. Insurance Requirements. Such policy or policies shall be

written by an insurance company satisfactory to Franchisor, and shall include,

at a minimum the following coverage:

 A. Workers' Compensation Insurance, with statutory

 limits as required by the laws and regulations

 applicable to the employees of Franchisee who are

 engaged in the performance of their duties relating

 to the Franchised Unit, including any pre-opening

 training programs, as well as such other insurance as

 may be required by statute or regulation of the state

 in which the Franchised Unit is located.

 B. Employer's Liability Insurance, for employee bodily

 injuries and deaths, with a limit of $500,000 each

 accident.

 C. Comprehensive or Commercial General Liability

 Insurance, covering claims for bodily injury, death

 and property damage, including Premises and

 Operations, Independent Contractors, Products and

 Completed Operations, Personal Injury, Contractual,

 and Broadform Property Damage liability coverages,

 with limits as follows:

 Occurrence/Aggregate Limit of $1,000,000 for bodily

 injury, death and property damage each occurrence and

 $2,000,000 for general aggregate or Split liability

 limits of:

 $1,000,000 for bodily injury per person

 $1,000,000 for bodily injury per occurrence

 $ 500,000 for property damage

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 D. Comprehensive Automobile Liability Insurance, if

 applicable, covering owned, non-owned and hired

 vehicles, with limits as follows:

 Combined Single Limit of $500,000 for bodily injury,

 death and property damage per occurrence or Split

 liability limits of:

 $500,000 for bodily injury per person

 $500,000 for bodily injury per occurrence

 $250,000 for property damage

 E. All Risk Property Insurance, on a replacement cost

 basis, with limits as appropriate, covering the real

 property of Franchisee and any real property which

 the Franchisee may be obligated to insure by

 contract. Such real property may including building,

 machinery, equipment, furniture, fixtures and

 inventory.

 11.03. All such policies of insurance shall provide that the same

shall not be canceled, modified or changed without first giving thirty (30) days

prior written notice thereof to Franchisor. No such cancellation, modification

or change shall affect Franchisee's obligation to maintain the insurance

coverages required by this Agreement. Except for Workers' Compensation

Insurance, Franchisor shall be named as an Additional Insured on all such

required policies. All liability insurance policies shall be written on an

"occurrence" policy form. Franchisee shall be responsible for payment of any and

all deductibles from insured claims under its policies of insurance. Franchisee

shall not satisfy the requirements of this Article XI unless and until

certificates of such insurance, including renewals thereof, have been delivered

to and approved by Franchisor. Franchisee shall not self-insure any of the

insurance coverages required by this Agreement, or non-subscribe to any State's

applicable workmen's compensation laws without the prior written consent of

Franchisor. Franchisor shall have the right, at any time during the term of this

Agreement to increase the minimum limits of insurance coverage or otherwise

modify the insurance requirements of this Agreement upon written notice in the

Manual or as otherwise prescribed by Franchisor in writing. If Franchisee shall

fail to comply with any of the insurance requirements herein, upon written

notice to Franchisee by Franchisor, Franchisor may, without any obligation to do

so, procure such insurance and Franchisee shall pay Franchisor, upon demand, the

cost thereof plus interest at the maximum rate permitted by law, and a

reasonable administrative fee designated by Franchisor.

 11.04. Insurance Obtained by Franchisee Shall Be Primary to

Franchisor's Own Insurance. Franchisee agrees that all insurance policies

obtained by Franchisee pursuant to Sections 11.01 and 11.02 shall be primary

coverage, the applicable limits of which shall be exhausted before any benefits

(defense or indemnity) may be obtained under any other insurance (including

self-insurance) providing coverage to Franchisor. In the event payments are

required to be made under Franchisor's own insurance policies or self-insurance

(whether for defense or indemnity) before the applicable coverage limits for the

insurance policies obtained by Franchisee are exhausted, then Franchisee hereby

agrees to reimburse, hold harmless and indemnify the Franchisor and its insurers

for such payments. Franchisee shall notify its insurers of this Agreement and

shall use best efforts to obtain an endorsement on each policy it obtains

pursuant to Sections 11.01 and 11.02 stating as follows:

 The applicable limits of this policy shall be

 applied and exhausted before any benefits may be

 obtained (whether for defense or indemnity) under

 any other insurance (including self-insurance) that

 may provide coverage to Franchisor. All insurance

 coverage obtained by Franchisor shall be considered

 excess insurance with respect to this policy, the

 benefits of which excess insurance shall not be

 available until the applicable limits of this policy

 are exhausted.

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 11.05 No Limitation on Coverage. Franchisee's obligation to obtain

and maintain the foregoing policy or policies of insurance in the amounts

specified shall not be limited in any way by reason of any insurance which may

be maintained by Franchisor, nor shall Franchisee's performance of that

obligation relieve it of liability under the indemnity provisions set forth in

Section XVIII of this Agreement.

 11.06. Issuance of Insurance. Franchisee must obtain the insurance

required by this Agreement no later than fifteen (15) days before the date on

which any construction is commenced. The Franchised Unit shall not be opened for

business prior to Franchisor's receipt of satisfactory evidence that all

insurance required by this Agreement is in effect. Upon obtaining such

insurance, and on each policy renewal date thereafter, Franchisee shall promptly

submit evidence of satisfactory insurance and proof of payment therefor to

Franchisor, together with, upon request, copies of all policies and policy

amendments. The evidence of insurance shall include a statement by the insurer

that the policy or policies will not be canceled or materially altered without

at least thirty (30) days prior written notice to Franchisor.

XII. CONFIDENTIAL INFORMATION

 12.01. Franchisee shall not, during the term of this Agreement or

thereafter, communicate, divulge, or use for the benefit of any other person,

persons, partnership, association, corporation or other entity, any confidential

information, knowledge or know-how concerning the construction and methods of

operation of the Franchised Business which may be communicated to Franchisee, or

of which Franchisee may be apprised, by virtue of Franchisee's operation under

the terms of this Agreement. Franchisee shall divulge such confidential

information only to such employees of Franchisee as must have access to it in

order to exercise the franchise rights granted hereunder and to establish and

operate the Franchised Unit pursuant hereto and as Franchisee may be required by

law, provided Franchisee shall give Franchisor prior written notice of any such

required disclosure immediately upon receipt of notice by Franchisee in order

for Franchisor to have the opportunity to seek a protective order or take such

other actions as it deems appropriate under the circumstances.

 12.02. Any and all information, knowledge, and know-how, including,

without limitation, drawings, materials, equipment, recipes, prepared mixtures

or blends of spices or other food products, and other data, which Franchisor

designates as confidential, and any information, knowledge, or know-how which

may be derived by analysis thereof, shall be deemed confidential for purposes of

this Agreement, except information which Franchisee can demonstrate came to

Franchisee's attention prior to disclosure thereof by Franchisor; or which, at

the time of disclosure thereof by Franchisor to Franchisee, had become a part of

the public domain, through publication or communication by others; or which,

after disclosure to Franchisee by Franchisor, becomes a part of the public

domain, through publication or communication by others.

XIII. COVENANTS

 13.01. Franchisee covenants that, during the term of the Agreement,

except as otherwise approved in writing by Franchisor, Franchisee or,

alternatively, one designated management employee if that employee assumes

primary responsibility for the operation of the Franchised Unit, shall devote

full time, energy and best efforts to the management and operation of the

Franchised Business.

 13.02. Franchisee acknowledges that, pursuant to this Agreement,

Franchisee will receive valuable specialized training and confidential

information, including without limitation, information regarding the

operational, sales, promotional, and marketing methods, procedures and

techniques of Franchisor and the System. Franchisee covenants that, during the

term of this Agreement, Franchisee

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(who, unless otherwise specified, shall include, for purposes of this Section

XIII, collectively and individually, (i) all officers, directors and holders of

a beneficial interest of five percent (5%) or more of the securities with voting

rights of Franchisee and of any corporation, directly or indirectly controlling

Franchisee, if Franchisee is a corporation,; (ii) the general partner and any

limited partners, including any corporation, and the officers, directors and

holders of a beneficial interest of five percent (5%) or more of securities with

voting rights of a corporation which controls, directly or indirectly, any

general or limited partner, if Franchisee is a partnership; and (iii) any

members and managers and holders of a beneficial interest of five percent (5%)

or more of securities with voting rights of any corporation which controls

directly or indirectly, any limited liability company) shall not, either

directly or indirectly, for itself or on behalf of, or in conjunction with, any

person, persons, partnership, limited liability company, association or

corporation or other entity:

 A. Divert or attempt to divert any business or customer

 of the business franchised hereunder to any

 competitor by direct or indirect inducements or

 otherwise, or to do or perform, directly or

 indirectly, any other act injurious or prejudicial to

 the goodwill associated with Franchisor's Proprietary

 Marks and the SBC System;

 B. Employ or seek to employ any person who is, at that

 time, employed by Franchisor or by any other

 SEATTLE'S BEST COFFEE franchisee, or otherwise,

 directly or indirectly, induce such person to leave

 his or her employment therewith; or

 C. Own, maintain, operate, engage in, or have any

 interest in any business that prepares, offers,

 sells, roasts and/or distributes specialty coffee

 products and/or any product or service substantially

 similar to those sold within the SEATTLE'S BEST

 COFFEE System (a "Specialty Coffee Shop"); provided,

 however, that the term "Specialty Coffee Shop" shall

 not apply to any business operated by Franchisee

 under a franchise agreement with Franchisor or an

 affiliate of Franchisor. During the term of this

 Agreement, there is no geographical limitation on

 this restriction.

 13.03. Franchisee covenants that Franchisee shall not, regardless of

the cause for termination, either directly or indirectly, for itself, or

through, on behalf of, or in conjunction with any person, persons, partnership,

limited liability company, association, corporation or other entity:

 A. For a period of two (2) years following the

 termination or expiration of this Agreement, own,

 maintain, engage in, or have any interest in any

 Specialty Coffee Shop which is located within a

 radius of ten (10) miles of the location specified in

 Section I hereof, or the location of any other SBC

 Retail Unit under the SBC System, whether owned by

 Franchisor or any other SBC franchisee, which is in

 existence as of the date of expiration or termination

 of this Agreement; or

 B. For a period of one (1) year following the

 termination or expiration of this Agreement, employ

 or seek to employ any person who is, at the time,

 employed by Franchisor or by any other SEATTLE'S BEST

 COFFEE franchisee, or otherwise, directly or

 indirectly, induce such person to leave his or her

 employment therewith.

 13.04. At Franchisor's request, Franchisee shall require and obtain

execution of covenants similar to those set forth in this Section XIII

(including covenants applicable upon the termination of a

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person's relationship with Franchisee) in a form satisfactory to Franchisor,

including, without limitation, specific identification of Franchisor as a third

party beneficiary of such covenants with the independent right to enforce them,

from any or all of the following persons:

 A. All managers and assistant managers of the Franchised

 Unit, and any other personnel employed by Franchisee

 who have received or will receive training from

 Franchisor;

 B. All officers, directors, and holders of a direct or

 indirect beneficial ownership interest of five

 percent (5%) or more in Franchisee.

 The failure of Franchisee to obtain execution of a covenant required by

this Section 13.04 shall constitute a material breach of this Agreement. A

duplicate original of each such covenant shall be provided by Franchisee to

Franchisor immediately upon execution.

 13.05. The parties agree that each of the foregoing covenants shall

be construed as independent of any other covenant or provision of this

Agreement. If all or any portion of a covenant in this Section XIII, is held

unreasonable or unenforceable by a court or agency having jurisdiction in a

final decision, Franchisee expressly agrees to be bound by any lesser covenant

subsumed within the terms of such covenant that imposes the maximum duty

permitted by law, as if the resulting covenant was separately stated in and made

a part of this Section XIII.

 A. Right to Reduce Covenants. Franchisee understands and

 acknowledges that Franchisor shall have the right, in

 its sole discretion, to reduce the scope of any

 covenant set forth in Sections 13.02. and 13.03. of

 this Agreement, or any portion thereof, without

 Franchisee's consent, effective immediately upon

 receipt by Franchisee of written notice thereof, and

 Franchisee agrees that it shall comply with any

 covenant as so modified, which shall be fully

 enforceable notwithstanding the provisions of Section

 XXII hereof.

 B. Injunctive Relief. The parties acknowledge that it

 will be difficult to ascertain with any degree of

 certainty the amount of damages resulting from a

 breach by Franchisee of any of the covenants

 contained in this Section XIII. It is further agreed

 and acknowledged that any violation by Franchisee of

 any of said covenants will cause irreparable harm to

 Franchisor. Accordingly, Franchisee agrees that upon

 proof of the existence of a violation of any of said

 covenants, Franchisor will be entitled to injunctive

 relief against Franchisee in any court of competent

 jurisdiction having authority to grant such relief,

 together with all costs and reasonable attorney's

 fees incurred by Franchisor in bringing such action.

XIV. TRANSFERABILITY OF INTEREST

 14.01. Transfer by Franchisor. This Agreement shall inure to the

benefit of the successors and assigns of Franchisor. Franchisor shall have the

right, without Franchisee's consent, to transfer or assign its interest in this

Agreement to any person, persons, partnership, association, corporation, or

other entity and Franchisee agrees promptly to execute any documents in

connection therewith. If Franchisor's assignee assumes all the obligations of

Franchisor hereunder and sends Franchisee written notice of the assignment so

attesting, Franchisee agrees promptly to execute a general release of

Franchisor, and any affiliates of Franchisor, from claims or liabilities of

Franchisor under this Agreement.

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 14.02. Transfer by Franchisee. Franchisee understands and

acknowledges that the rights and duties set forth in this Agreement are personal

to Franchisee, and that Franchisor has granted this Agreement in reliance on

Franchisee's business skill and financial capacity. Accordingly, neither (i)

Franchisee, nor (ii) any immediate or remote successor to Franchisee, nor (iii)

any individual, partnership, corporation or other legal entity which directly or

indirectly owns any interest in the Franchisee or in this Franchise Agreement,

shall sell, assign, transfer, convey, donate, pledge, mortgage, or otherwise

encumber any direct or indirect interest in this Agreement or in any legal

entity which owns the Franchised Business without the prior written consent of

Franchisor. Acceptance by Franchisor of any royalty fee, advertising fee or any

other amount accruing hereunder from any third party, including, but not limited

to any proposed transferee, shall not constitute Franchisor's approval of such

party as a transferee or the transfer of this Franchise Agreement to such party.

Any purported assignment or transfer, by operation of law or otherwise, not

having the written consent of Franchisor, shall be null and void, and shall

constitute a material breach of this Agreement, for which Franchisor may then

terminate without opportunity to cure pursuant to Section 15.02.E. of this

Agreement.

 14.03. Conditions for Consent. Franchisor shall not unreasonably

withhold its consent to any transfer referred to in Section 14.02. hereof, when

requested; provided, however, that prior to the time of transfer;

 A. All of Franchisee's accrued monetary obligations to

 Franchisor and its subsidiaries and affiliates shall

 have been satisfied;

 B. Franchisee shall have agreed to remain obligated

 under the covenants contained in Section XIII hereof

 as if this Agreement had been terminated on the date

 of the transfer;

 C. The transferee must be of good moral character and

 reputation, in the reasonable judgment of the

 Franchisor;

 D. The Franchisor shall have determined, to its

 satisfaction, that the transferee's qualifications

 meet the Franchisor's then current criteria for new

 franchisees;

 E. Franchisee and transferee shall execute a written

 assignment, in a form satisfactory to Franchisor,

 pursuant to which the transferee shall assume all of

 the obligations of Franchisee under this Agreement

 and Franchisee shall unconditionally release any and

 all claims Franchisee might have against Franchisor

 as of the date of the assignment;

 F. The transferee shall execute the then-current form of

 SEATTLE'S BEST COFFEE Franchise Agreement and such

 other then-current ancillary agreements as Franchisor

 may reasonably require. The then-current form of

 Franchise Agreement may have significantly different

 provisions including, without limitation, a higher

 royalty fee and advertising contribution than that

 contained in this Agreement. The then-current form of

 Franchise Agreement will expire on the expiration

 date of this Agreement and will contain the same

 renewal rights, if any, as are available to

 Franchisee herein;

 G. The transferee shall agree at its sole cost and

 expense, to (i) complete a Franchised Unit Renovation

 (as defined in Section 10.01.C herein), within the

 time frame required by Franchisor, unless a

 Franchised Unit Renovation was

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 completed within three (3) years prior to the date of

 the transfer and (ii) perform such other scope of

 work as may be determined by Franchisor.

 H. The transferee and such other individuals as may be

 designated by Franchisor in the Manual or otherwise

 in writing, must have successfully completed the SBC

 training course then in effect for new SBC

 franchisees. If the Franchised Unit is the

 transferee's first SBC Retail Unit, the transferee

 shall pay to Franchisor the then-standard Training

 Fee;

 I. If the transferee is a partnership or limited

 liability company, the partnership agreement or

 limited liability company organizational documents

 shall provide that further assignments or transfers

 of any interest in the partnership or limited

 liability company, respectively, are subject to all

 restrictions imposed upon assignments and transfers

 in this Agreement;

 J. Franchisee shall, at Franchisor's option and request,

 execute a written guarantee of the transferee's

 obligations under the Agreement, which guarantee

 shall not exceed a period of three (3) years from the

 date of transfer; and all principals of the

 transferee shall also guarantee Franchisee's

 obligations hereunder, and

 K. The Franchisee or transferee shall pay to Franchisor

 a transfer processing fee of Two Thousand Five

 Hundred Dollars ($2,500), to cover Franchisor's

 administrative expenses in connection with the

 transfer and a training fee in the amount of Five

 Thousand Dollars ($5,000); however no additional

 franchise fee shall be charged by Franchisor for a

 transfer. If the transferee is (i) a corporation or

 limited liability company formed by Franchisee for

 the convenience of ownership and in which the

 Franchisee is the sole shareholder or limited

 liability company member, or (ii) an existing

 Franchisee under this Agreement, no transfer

 processing fee and/or training fee shall be required.

 14.04. Grant of Security Interest. Franchisee shall grant no security

interest in this Agreement, the Franchised Business, or in any of its assets

unless the secured party agrees that, in the event of any default by Franchisee

under any documents related to the security interest (i) Franchisor shall be

provided with notice of default and given a reasonable time within which to cure

said default, (ii) Franchisor shall have the right and option to be substituted

as obligor to the secured party and to cure any default of Franchisee or to

purchase the rights of the secured party upon payment of all sums then due to

such secured party, except such amounts which may have become due as a result of

any acceleration of the payment dates based upon the Franchisee's default, and

(iii) the secured party shall agree to such other requirements as Franchisor, in

its sole discretion, deems reasonable and necessary to protect the integrity of

the Proprietary Marks and the SEATTLE'S BEST COFFEE System.

 14.05. Transfer on Death or Mental Incapacity. Upon the death or

mental incapacity of any person with an interest in this Agreement, the

Franchised Business or Franchisee, the executor, administrator, or personal

representative of such person shall transfer his interest to a third party

approved by Franchisor within twelve (12) months after such death or mental

incapacity. Such transfer, including, without limitation, transfer by devise or

inheritance, shall be subject to the same conditions as any inter vivos

transfer. However, in the case of transfer by devise or inheritance, if the

heirs or beneficiaries of any such person are unable to meet the conditions in

this Section XIV, the personal representative of the deceased Franchisee shall

have a reasonable time, but in no event more than eighteen (18) months from

Franchisee's death, to dispose of the deceased's interest in this Agreement and

the business conducted pursuant hereto, which disposition shall be subject to

all the terms and conditions for assignments and

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transfers contained in this Agreement. If the interest is not disposed of within

twelve (12) or eighteen (18) months, whichever is applicable, Franchisor may

terminate this Agreement.

 14.06. Right of First Refusal. Any party holding an interest in this

Agreement, the Franchised Business or in Franchisee, and who desires to accept a

bona fide offer from a third party to purchase such interest, shall notify

Franchisor in writing of such offer within ten (10) days of receipt of such

offer, and shall provide such information and documentation relating to the

offer as Franchisor may require. Franchisor shall have the right and option,

exercisable within thirty (30) days after receipt of such written notification,

to send written notice to the seller that Franchisor intends to purchase the

seller's interest on the same terms and conditions offered by the third party.

In the event that Franchisor elects to purchase the seller's interest, closing

on such purchase must occur within sixty (60) days from the date of notice to

the seller of the election to purchase by Franchisor. Any material change in the

terms of any offer prior to closing shall constitute a new offer subject to the

same rights of first refusal by Franchisor as in the case of an initial offer.

Failure of Franchisor to exercise the option afforded by this Section 14.06.

shall not constitute a waiver of any other provisions of this Agreement,

including all of the requirements of this Section XIV, with respect to a

proposed transfer.

 In the event the consideration, terms, and/or conditions offered by a

third party are such that Franchisor may not reasonably be required to furnish

the same consideration, terms, and/or conditions, then Franchisor may purchase

the interest in this Agreement, Franchisee, or the Franchised Business proposed

to be sold for the reasonable equivalent in cash. If the parties cannot agree

within a reasonable time as to the reasonable equivalent in cash of the

consideration, terms, and/or conditions offered by the third party, an

independent appraiser shall be designated by Franchisor, and his determination

shall be binding upon the parties.

 14.07. Offerings by Franchisee. Securities or partnership interests

in Franchisee may be offered to the public, by private offering or otherwise,

only with the prior written consent of Franchisor, which consent shall not be

unreasonably withheld. All materials required for such offering by applicable

federal or state law shall be submitted to Franchisor for review prior to their

being filed with any governmental agency; and any materials to be used in any

exempt offering shall be submitted to Franchisor for review prior to their use.

No offering of such securities shall imply (by use of the Proprietary Marks or

otherwise) that Franchisor is participating in the underwriting, issuance, or

offering of securities by Franchisee; and Franchisor's review of any offering

shall be limited solely to the subject of the relationship between Franchisee

and Franchisor. Franchisee and the other participants in the offering shall

fully indemnify Franchisor in connection with the offering. For each proposed

offering, Franchisee shall pay to Franchisor a non-refundable fee of Five

Thousand Dollars ($5,000), or such greater amount as is necessary to reimburse

Franchisor for its reasonable costs and expenses associated with reviewing the

proposed offering, including, without limitation, legal and accounting fees.

Franchisee shall give Franchisor written notice at least sixty (60) days prior

to the date of commencement any offering or other transaction covered by this

Section 14.07.

XV. TERMINATION

 15.01. Franchisee shall be deemed to be in default under this

Agreement, and all rights granted herein shall automatically terminate without

notice to Franchisee, if Franchisee shall become insolvent or make a general

assignment for the benefit of creditors; if a petition in bankruptcy is filed by

Franchisee or such a petition is filed against Franchisee and not opposed by

Franchisee; or if Franchisee is adjudicated bankrupt or insolvent; or if a

receiver or other custodian (permanent or temporary) of Franchisee's assets or

property, or any part thereof, is appointed by any court of competent

jurisdiction; or if proceedings for a composition with creditors under the

applicable law of any jurisdiction should be instituted by Franchisee or against

Franchisee and not opposed by Franchisee; or if a final judgment remains

unsatisfied or of record

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for thirty (30) days or longer (unless a supersedeas bond is filed or other

steps are taken to stay effectively the enforcement of such judgment in the

relevant jurisdiction); or if Franchisee is dissolved; or if execution is levied

against Franchisee's property or business; or if suit to foreclose any lien or

mortgage against the premises or equipment of the Franchised Unit is instituted

against the Franchisee and not dismissed within thirty (30) days; or if the real

or personal property of any other SBC Retail Unit operated by Franchisee shall

be sold after levy thereon by any sheriff, marshal, or constable.

 15.02. Franchisee shall be deemed to be in default and Franchisor

may, at its option, terminate this Agreement and all rights granted hereunder

without affording Franchisee any opportunity to cure the default (effective

immediately upon receipt of notice by Franchisee as described in Section XX

hereof) upon the occurrence of any of the following events:

 A. If Franchisee fails to complete construction of the

 Franchised Unit and opens for business within one

 hundred eighty (180) days of execution of this

 Agreement. Franchisor may, in its sole discretion,

 extend this period to address unforeseen construction

 delays, not within the control of Franchisee.

 B. If Franchisee at any time ceases to operate the

 Franchised Unit or otherwise abandons the Franchised

 Unit, or loses the right to possession of the

 premises of the Franchised Unit, or otherwise

 forfeits the right to do or transact business in the

 jurisdiction where the Franchised Unit is located;

 provided, however, that if, through no fault of

 Franchisee, the premises are damaged or destroyed by

 an event not within the control of Franchisee such

 that repairs or reconstruction cannot be completed

 within one hundred eighty (180) days thereafter, then

 Franchisee shall have thirty (30) days after such

 event in which to apply for Franchisor's approval to

 relocate and/or reconstruct the premises, which

 approval shall not be unreasonably withheld, but may

 be conditioned upon the payment of an agreed minimum

 royalty to Franchisor during the period in which the

 Franchised Unit is not in operation;

 C. If Franchisee is convicted of or pleads guilty to a

 felony, a crime involving moral turpitude, or any

 other crime or offense that Franchisor believes is

 reasonably likely to have an adverse effect on the

 System, the Proprietary Marks, the goodwill

 associated therewith, or Franchisor's interest

 therein;

 D. If a threat or danger to public health or safety

 results from the construction, maintenance, or

 operation of the Franchised Unit;

 E. If Franchisee, or any partner, shareholder or member

 of Franchisee purports to transfer any rights or

 obligations under this Agreement or any interest in

 Franchisee to any third party without Franchisor's

 prior written consent, contrary to the terms of

 Section XIV hereof;

 F. If Franchisee fails to comply with the in-term

 covenants in Section 13.02. hereof or fails to obtain

 execution of the covenants required under Sections

 10.10. or 13.04. hereof;

 G. If, contrary to the terms of Section VII hereof,

 Franchisee discloses or divulges the contents of the

 Manual or any other confidential information provided

 to Franchisee by Franchisor;

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 H. If an approved transfer is not effected as required

 by Section 14.05 hereof, following the death or

 mental incapacity of a person described therein;

 I. If Franchisee knowingly maintains false books or

 records, or submits any false reports to Franchisor;

 J. If Franchisee or any individual, group, association,

 limited or general partnership, corporation or other

 business entity which directly or indirectly

 controls, is controlled by, or is under common

 control with Franchisee; or which directly or

 indirectly owns, controls, or holds power to vote ten

 percent (10%) or more of the outstanding voting

 securities of Franchisee; or which has in common with

 Franchisee one or more partners, officers, directors,

 trustees, branch managers, or other persons occupying

 similar status or performing similar functions

 ("Affiliate") commits any act of default under any

 other Franchise Agreement, Development Agreement

 (except for failure to meet the development schedule

 thereunder), asset purchase agreement, promissory

 note or any other agreement entered into by

 Franchisee or an Affiliate of Franchisee, and

 Franchisor, or any parent, subsidiary, affiliate,

 predecessor or successor to Franchisor;

 K. If Franchisee, after or during a default pursuant to

 Section 15.03. hereof, commits the same default

 again, whether or not such default is cured after

 notice; or

 L. If Franchisee defaults more than once in any twelve

 (12) month period under Section 15.03. hereof for

 failure to substantially comply with any of the

 requirements imposed by this Agreement, whether or

 not cured after notice.

 M. If Franchisee refuses to permit Franchisor or its

 agents to enter upon the premises of the Franchised

 Unit to conduct any periodic inspection as set forth

 in Sections 5.09. and 10.02.H hereof.

 N. If Franchisee uses any of Franchisor's Proprietary

 Marks in any unauthorized manner or is otherwise in

 default of the provisions of Section V hereof.

 O. Franchisor discovers that Franchisee made a material

 misrepresentation or omitted a material fact in the

 information that was furnished to Franchisor in

 connection with its decision to enter into this

 Agreement.

 P. Franchisee knowingly falsifies any report required to

 be furnished Franchisor or makes any material

 misrepresentation in its dealings with Franchisor or

 fails to disclose any material facts to Franchisor.

 Q. There is a material breach of any representation or

 warranty set forth in this Agreement.

 R. If Franchisee, at any time, offers for sale from the

 franchised Unit any coffee products and/or beverages

 other than SBC Coffee Products.

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 15.03. Except as provided in Sections 15.01 and 15.02 of this

Agreement, upon any default by Franchisee which is susceptible of being cured,

Franchisor may terminate this Agreement only by giving written Notice of

Termination stating the nature of such default to Franchisee at least ten (10)

days prior to the effective date of termination if the default is for failure to

pay royalties, NCP Fund Contributions (including Cooperative Contributions, if

any are due, and/or any other financial obligations owed to Franchisor by

Franchisee), and thirty (30) days, prior to the effective date of termination

for any other default, provided, however, that Franchisee may avoid termination

by curing such default to Franchisor's satisfaction within the ten (10) day or

thirty (30) day period, as applicable. If any such default is not cured within

the specified time, this Agreement shall terminate without further notice to

Franchisee effective immediately upon the expiration of the ten (10) day or

thirty (30) day period, as applicable, or such longer period as applicable law

may require. Notwithstanding anything to the contrary set forth in this

Agreement, Franchisee hereby acknowledges that any agreement between Franchisee

and Franchisor relating to past due amounts accruing hereunder, (an "Arrearage

Agreement"), including, but not limited to any promissory note, payment plan or

amendment to this agreement shall be deemed to be a material part of this

agreement and shall be incorporated herein by reference. A default under any

Arrearage Agreement shall be deemed a material default of this Franchise

Agreement, regardless of the reason Franchisee fails to pay the amount which is

the subject of such Arrearage Agreement.

 15.04. Franchisee shall indemnify and hold Franchisor harmless for

all costs, expenses and any losses incurred by Franchisor in enforcing the

provisions hereof, or in upholding the propriety of any action or determination

by Franchisor pursuant to this Agreement, or in defending any claims made by

Franchisee against Franchisor, or arising in any manner from Franchisee's breach

of or failure to perform any covenant or obligation hereunder, including,

without limitation, reasonable litigation expenses and attorney's fees incurred

by Franchisor in connection with any threatened or pending litigation relating

to any part of this Agreement, unless Franchisee shall be found, after due legal

proceedings, to have complied with all of the terms, provisions, conditions and

covenants hereof.

 15.05 In addition to the other provisions of this Section XVI, if

Franchisor reasonably determines that Franchisee becomes or will become unable

to meet its obligations to Franchisor under this Agreement, Franchisor may

provide Franchisee written notice to that effect and demand that Franchisee

provide those assurances reasonably designated by Franchisor, which may include

security or letters of credit for the payment of Franchisee's obligations to

Franchisor. If Franchisee fails to provide the assurances demanded by Franchisor

within 30 days after its receipt of written notice from Franchisor, this

Agreement shall terminate without further notice to Franchisee effective

immediately upon expiration of that time, unless Franchisor notifies Franchisee

otherwise in writing.

XVI. EFFECT OF TERMINATION OR EXPIRATION

 16.01. Upon termination or expiration of this Agreement, all rights

granted herein shall forthwith terminate, and:

 A. Franchisee shall immediately cease to operate the

 Franchised Unit as an SBC Retail Unit, and shall not

 thereafter, directly or indirectly, represent to the

 public that the business is an SBC Retail Unit;

 B. Franchisee shall immediately and permanently cease to

 use, by advertising or in any manner whatsoever, any

 menus, recipes, confidential food for formulae,

 equipment, methods, procedures, and the techniques

 associated with the System, Franchisor's Proprietary

 Marks, and Franchisor's other trade names, trademarks

 and service marks associated with the SBC System. In

 particular, and without

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 limitation, Franchisee shall cease to use all signs,

 furniture, fixtures, equipment, advertising

 materials, stationery, forms, packaging, containers

 and any other articles which display the Proprietary

 Marks;

 C. Franchisee agrees, in the event Franchisee continues

 to operate or subsequently begins to operate a

 restaurant, coffee shop or other businesses, not to

 use any reproduction, counterfeit, copy, or colorable

 imitation of the Proprietary Marks in conjunction

 with such other business which is likely to cause

 confusion or mistake or to deceive, and further

 agrees not to utilize any trade dress, designation of

 origin, description, or representation which falsely

 suggests or represents an association or connection

 with Franchisor;

 D. Franchisee agrees, upon termination or expiration of

 this Agreement or upon cessation of the Franchised

 Business at the location specified in Section I

 hereof for any reason, whether or not Franchisee

 continues to operate any business at such location,

 and whether or not Franchisee owns or leases the

 location, to make such modifications or alterations

 to the Franchised Unit premises immediately upon

 termination or expiration of this Agreement or

 cessation of operation of the Franchised Business as

 may be necessary to prevent the operation of any

 businesses thereon by Franchisee or others in

 derogation of this Section XVI, and shall make such

 specified additional changes thereto as Franchisor

 may reasonably request for that purpose. The

 modifications and alterations required by this

 Section XVI shall include, but are not limited to,

 removal of all trade dress, proprietary marks and

 other indicia of the SBC System;

 E. Franchisee shall immediately pay all sums owing to

 Franchisor and its subsidiaries and affiliates. In

 the event of termination for any default by

 Franchisee, such sums shall include all damages,

 costs and expenses, including reasonable attorneys'

 fees, incurred by Franchisor as a result of the

 default; and

 F. Franchisee shall immediately turn over to Franchisor

 the Manual, all other manuals, records, files,

 instructions, correspondence and any and all other

 materials relating to the operation of the Franchised

 Business in Franchisee's possession and all copies

 thereof (all of which are acknowledged to be

 Franchisor's property) and shall retain no copy or

 record of any of the foregoing, with the exception of

 Franchisee's copy of this Agreement, any

 correspondence between the parties, and any other

 documents which Franchisee reasonably needs for

 compliance with any provision of law.

 16.02. Franchisor shall have the right (but not the duty) to be

exercised by notice of intent to do so within thirty (30) days after termination

or expiration of this Agreement, to purchase any and all improvements,

equipment, advertising and promotional materials, ingredients, products,

materials, supplies, paper goods and any items bearing Franchisor's Proprietary

Marks at current fair market value. If the parties cannot agree on a fair market

value within a reasonable time, an independent appraiser shall be designated by

Franchisor, and his determination of fair market value shall be binding. If

Franchisor elects to exercise any option to purchase herein provided, it shall

have the right to set-off all amounts due from Franchisee under this Agreement

and the cost of the appraisal, if any, against any payment therefor.

 16.03. In the event the premises of the Franchised Unit are leased to

Franchisee, Franchisee shall, upon termination or expiration of this Agreement

and upon request by Franchisor, immediately

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assign, set over and transfer unto Franchisor, at Franchisor's sole option and

discretion, said lease and the premises, including improvements. Any such lease

entered into by Franchisee shall contain a clause specifying the landlord's

consent to assign such lease to Franchisor or its assignee in the event this

Agreement is terminated.

 16.04. Franchisee shall pay to Franchisor all damages, costs, and

expenses, including reasonable attorneys' fees, incurred by Franchisor in

seeking recovery of damages caused by any action of Franchisee in violation of,

or in obtaining injunctive relief for the enforcement of, any portion of this

Section XVI. Further, Franchisee acknowledges and agrees that any failure to

comply with the provisions of this Section XVI, shall result in irreparable

injury to Franchisor.

 16.05. All provisions of this Agreement which, by their terms or

intent, are designed to survive the expiration or termination of this Agreement,

shall so survive the expiration and/or termination of this Agreement.

 16.06. Franchisee shall comply with the covenants contained in

Section XIII of this Agreement.

 16.07. Franchisee shall execute such documents as Franchisor may

reasonably require to effectuate termination of the franchise and Franchisee's

rights to use the trademarks and systems of Franchisor.

XVII. TAXES, PERMITS, AND INDEBTEDNESS

 17.01. Franchisee shall promptly pay when due all taxes, accounts and

other indebtedness of every kind incurred by Franchisee in the conduct of the

Franchised Business under this Agreement.

 17.02. Franchisee, in the conduct of the Franchised Business, shall

comply with all applicable laws and regulations, and shall timely obtain any and

all permits, certificates, or licenses necessary for the full and proper conduct

of the businesses operated under this Agreement, including, without limitation,

licenses to do business, trade name registrations, sales tax permits and fire

clearances.

XIII. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

 18.01. This Agreement does not constitute Franchisee an agent, legal

representative, joint venturer, partner, employee or servant of Franchisor for

any purpose whatsoever. It is understood and agreed that Franchisee shall be an

independent contractor and is in no way authorized to make any contract,

agreement, warranty, or representation on behalf of Franchisor. The parties

further agree that this Agreement does not create any fiduciary relationship

between them.

 18.02. During the term of this Agreement and any extensions hereof,

Franchisee agrees to take such action as Franchisor deems reasonably necessary

for Franchisee to inform and hold itself out to the public as an independent

contractor operating the Franchised Business pursuant to a franchise from

Franchisor, including, without limitation, exhibiting a notice of that fact at

the Franchised Business in form and substance satisfactory to Franchisor.

 18.03 Franchisee agrees to defend, indemnify and hold harmless

Franchisor, its parent, subsidiaries and affiliates, and their respective

officers, directors, employees, agents, successors and assigns from all claims,

demands, losses, damages, liabilities, cost and expenses (including attorney's

fees and expense of litigation) resulting from, or alleged to have resulted

from, or in connection with Franchisee's

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operation of the Franchised Business, including, but not limited to, any claim

or actions based on or arising out of any injuries, including death to persons

or damages to or destruction of property, sustained or alleged to have been

sustained in connection with or to have arisen out of or incidental to the

Franchised Business and/or the performance of this contract by Franchisee, its

agents, employees, and/or its subcontractors, their agents and employees, or

anyone for whose acts they may be liable, regardless of whether or not such

claim, demand, damage, loss, liability, cost or expense is caused in whole or in

part by the negligence of Franchisor, Franchisor's representative, or the

employees, agents, invitees, or licensees thereof.

 18.04 Franchisor shall advise Franchisee in the event Franchisor

receives notice that a claim has been or may be filed with respect to a matter

covered by this Agreement, and Franchisee shall immediately assume the defense

thereof at Franchisee's sole cost and expense. In any event, Franchisor will

have the right, through counsel of its choice, to control any matter to the

extent it could directly or indirectly affect Franchisor and/or its parent,

subsidiaries or affiliates or their officers, directors, employees, agents,

successors or assigns. If Franchisee fails to assume such defense, Franchisor

may defend, settle, and litigate such action in the manner it deems appropriate

and Franchisee shall, immediately upon demand, pay to Franchisor all costs

(including attorney's fees and cost of litigation) incurred by Franchisor in

affecting such defense, in addition to any sum which Franchisor may pay by

reason of any settlement or judgment against Franchisor.

 18.05 Franchisor's right to indemnity hereunder shall exist

notwithstanding that joint or several liability may be imposed upon Franchisor

by statute, ordinance, regulation or judicial decision.

 18.06 Franchisee agrees to pay Franchisor all expenses including

attorney's fees and court costs, incurred by Franchisor, its parent,

subsidiaries, affiliates, and their successors and assigns to remedy any

defaults of or enforce any rights under this Agreement, effect termination of

this Agreement or collect any amounts due under this Agreement.

XIX. APPROVALS AND WAIVERS

 19.01. Whenever this Agreement requires the prior approval of

Franchisor, Franchisee shall make a timely written request to Franchisor

therefor, and such approval or consent shall be in writing.

 19.02. Franchisor makes no warranties or guarantees upon which

Franchisee may rely, and assumes no liability or obligation to Franchisee or any

third party to which Franchisor would not otherwise be subject, by providing any

waiver, approval, advice, consent, or suggestions to Franchisee in connection

with this Agreement, or by reason of any neglect, delay, or denial of any

request therefor.

 19.03. No failure of Franchisor to exercise any power reserved to it

in this Agreement, or to insist upon compliance by Franchisee with any

obligation or condition in this Agreement, and no custom or practice of the

parties at variance with the terms hereof, shall constitute a waiver of

Franchisor's right to demand exact compliance with the terms of this Agreement.

Waiver by Franchisor of any particular default shall not affect or impair

Franchisor's right in respect to any subsequent default of the same or of a

different nature, nor shall any delay, forbearance, or omission of Franchisor to

exercise any power or rights arising out of any breach or default by Franchisee

of any of the terms, provisions, or covenants of this Agreement, affect or

impair Franchisor's rights, nor shall such constitute a waiver by Franchisor of

any rights, hereunder or right to declare any subsequent breach or default.

Subsequent acceptance by Franchisor of any payments due to it 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.

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XX. NOTICES

 Any and all notices required or permitted under this Agreement shall be

in writing and shall be personally delivered , sent by registered mail, or by

other means which will provide evidence of the date received to the respective

parties at the following addresses unless and until a different address has been

designated by written notice to the other party:

Notices to Franchisor: SBC Legal Department

 c/o AFC Enterprises, Inc.

 Six Concourse Parkway

 Suite 1700

 Atlanta, Georgia 30328-5352

 U.S.A.

 Telefax Number: (770) 353-3060

with copies to: President, International Division

 AFC Enterprises, Inc.

 Six Concourse Parkway

 Suite 1700

 Atlanta, Georgia 30328-5352

 U.S.A.

 Telefax Number: (770) 353-3312

Notices to Franchisee: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 All written notices and reports permitted or required to be delivered

by the provisions of this Agreement shall be addressed to the party to be

notified at its most current principal business address (or telefax number) of

which the notifying party has been notified (under the provisions of this

Section XX) and shall be deemed so delivered (i) at the time delivered by hand;

(ii) one (1) business day after sending by telegraph, facsimile, electronic mail

or comparable electronic system with electronic confirmation of receipt; or

(iii) if sent by registered or certified mail or by other means which affords

the sender evidence of delivery, on the date and time of receipt or attempted

delivery if delivery has been refused or rendered impossible by the party being

notified.

XXI. SEVERABILITY AND CONSTRUCTION

 21.01. Except as expressly provided to the contrary herein, each

section, paragraph, part, term, and/or provision of this Agreement shall be

considered severable; and if, for any reason, any section, part, term, and/or

provision herein is determined to be invalid and contrary to, or in conflict

with, any existing or future law or regulation by a court or agency having valid

jurisdiction, such shall not impair the operation, or have any other effect

upon, such other portions, sections, parts, terms, and/or provisions of this

Agreement as may remain otherwise intelligible, and the latter shall continue to

be given full force and effect to bind the parties hereto; and said invalid

portions, sections, parts, terms, and/or provisions shall be deemed not to be

part of this Agreement.

 21.02. Except as has been expressly provided to the contrary herein,

nothing in this Agreement is intended, nor shall be deemed, to confer upon any

person or legal entity other than Franchisee,

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Franchisor, Franchisor's officer, directors, and employees, and Franchisee's

permitted and Franchisor's respective successors and assigns, any rights or

remedies under or by reason of this Agreement.

 21.03. All captions in the Agreement are intended solely for the

convenience of the parties, and none shall be deemed to affect the meaning or

construction of any provision hereof.

 21.04. All references herein to the masculine, neuter or singular

shall be construed to include the masculine, feminine, neuter or plural, where

applicable, and all acknowledgments, promises, covenants, agreements and

obligations herein made or undertaken by Franchisee shall be deemed jointly and

severally undertaken by all the parties hereto on behalf of Franchisee.

 21.05. This Agreement may be executed in counterparts, and each copy

so executed shall be deemed an original.

XXII. ENTIRE AGREEMENT: SURVIVAL

 22.01. This Agreement, the documents referred to herein, the

Development Agreement, if any, and the exhibits hereto, constitute the entire,

full and complete agreement between Franchisor and Franchisee concerning the

subject matter hereof and supersede any and all prior agreements. Except for

those permitted to be made unilaterally by Franchisor hereunder, no amendment,

change, modification or variance of this Agreement shall be binding on either

party unless in writing and executed by Franchisor and Franchisee.

Representations by either party, whether oral, in writing, electronic or

otherwise, that are not set forth in this Agreement shall not be binding upon

the party alleged to have made such representations and shall be of no force or

effect.

 I have read this Section 22.01 and agree

 that I have not been induced by and am not

 relying upon any representation not

 contained in this Agreement.

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Franchisee

 22.02. Notwithstanding anything herein to the contrary, upon the

termination of this Agreement for any reason whatsoever (including the execution

of a subsequent Franchise Agreement pursuant to the provisions of Sections

2.02.B and 14.03.F), or upon the expiration of the Term hereof, any provisions

of this Agreement which, by their nature, extend beyond the expiration or

termination of this Agreement, shall survive termination or expiration and be

fully binding and enforceable as though such termination or expiration had not

occurred.

XXIII. ACKNOWLEDGMENTS

 23.01. Franchisee acknowledges that Franchisee has conducted an

independent investigation of the SEATTLE'S BEST COFFEE franchise and recognized

that the business venture contemplated by this Agreement involves business risks

and Franchisee's success will be largely dependent upon the ability of the

Franchisee as an independent business entity.

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Franchisee must initial

FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT

FRANCHISEE HAS NOT RECEIVED, ANY WARRANTY OR GUARANTY, EXPRESSED OR IMPLIED, AS

TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED

BY THIS AGREEMENT.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Franchisee must initial

23.02. FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS RECEIVED A COMPLETED COPY OF

THIS AGREEMENT, THE EXHIBITS HERETO, IF ANY, AND THE AGREEMENTS RELATING

THERETO, IF ANY, AT LEAST FIVE (5) BUSINESS DAYS PRIOR TO THE DATE ON WHICH THIS

AGREEMENT WAS EXECUTED. FRANCHISEE FURTHER ACKNOWLEDGES THAT FRANCHISEE HAS

RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE

FEDERAL TRADE COMMISSION ENTITLED "DISCLOSURE REQUIREMENTS AND PROHIBITIONS

CONCERNING FRANCHISING AND BUSINESS OPPORTUNITY VENTURES" AT LEAST TEN (10)

BUSINESS DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Franchisee must initial

23.03. FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS READ AND UNDERSTOOD THIS

AGREEMENT, THE EXHIBITS HERETO, IF ANY, AND AGREEMENTS RELATING THERETO, IF ANY,

AND THAT FRANCHISOR HAS ACCORDED FRANCHISEE AMPLE TIME AND OPPORTUNITY AND HAS

ENCOURAGED FRANCHISEE TO CONSULT WITH ADVISORS OF FRANCHISEE'S OWN CHOOSING

ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Franchisee must initial

23.04. FRANCHISEE RECOGNIZES AND UNDERSTANDS THAT IT MAY INCUR OTHER EXPENSES

AND/OR OBLIGATIONS AS PART OF THE INITIAL INVESTMENT IN THE FRANCHISED BUSINESS

WHICH THE TERMS OF THIS AGREEMENT MAY NOT ADDRESS, AND WHICH INCLUDE WITHOUT

LIMITATION: OPENING ADVERTISING, EQUIPMENT, FIXTURES, OTHER FIXED ASSETS,

CONSTRUCTION, LEASEHOLD IMPROVEMENTS AND DECORATING COSTS AS WELL AS WORKING

CAPITAL NECESSARY TO COMMENCE OPERATIONS.

XXIV. APPLICABLE LAW: VENUE

 24.01. Applicable Law. This Agreement takes effect upon its

acceptance and execution by Franchisor and shall be interpreted and construed

under the laws of the State of GEORGIA which laws shall prevail in the event of

any conflict of law (without regard to, and without giving effect to, the

application of GEORGIA choice of law or conflict of law rules) except to the

extent governed by the U. S. Trademark Act of 1946, 15 U.S.C. Section 1051,

et seq. (the " Lanham Act") as amended; provided, however, that if the covenants

in Article XIII of this Agreement would not be enforceable under the laws of

GEORGIA, and the Franchised Unit is located outside of GEORGIA, then such

covenants shall be interpreted and construed under the laws of the state in

which the Franchised Unit is located. Nothing in this Section XXIV is intended

by the parties to subject this Agreement to any franchise or similar law, rule,

or regulation of the State of Georgia to which this Agreement would not

otherwise be subject.

 24.02. The parties agree that any action brought by Franchisee

against Franchisor in any court, whether federal or state, shall be brought

within a court of competent jurisdiction in Atlanta, Georgia. Any action brought

by Franchisor against Franchisee in any court, whether federal or state, may be

brought within any court in the State of Georgia, or in the jurisdiction where

Franchisee resides or does business or where the Franchised Unit is or was

located or where the claim arose. Franchisee hereby consents to personal

jurisdiction and venue in the state and judicial district in which Franchisor

has its principal place of business.

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 24.03. No right or remedy herein conferred upon or reserved to

Franchisor is exclusive of any other right or remedy herein, or by law or equity

provided or permitted; but each shall be cumulative of any other right or remedy

provided in this Agreement

 24.04. Nothing herein contained shall bar Franchisor's right to

obtain injunctive relief against threatened conduct that will cause it loss or

damages, under the usual equity rules, including the applicable rules for

obtaining restraining orders and preliminary injunctions.

 24.05. Any and all claims and actions arising out of or relating to

this Agreement (including, but not limited to, the offer and sale of this

franchise), the relationship of Franchisee and Franchisor, or Franchisee's

operation of the Franchised Unit, brought by Franchisee shall be commenced

within eighteen (18) months from the occurrence of the facts giving rise to such

claim or action, or such claim or action shall be barred.

 24.06. Franchisor and Franchisee hereby waive to the fullest extent

permitted by law any right to or claim of any consequential, punitive, or

exemplary damages against the other, and agree that in the event of a dispute

between them each shall be limited to the recovery of any actual damages

sustained by it.

XXV. CORPORATE FRANCHISEE

 In the event the Franchisee named herein is a corporation at the time

of execution of this Agreement, it is warranted, covenanted and represented to

Franchisor that:

 25.01. All of the issued and outstanding stock of Franchisee is

owned, legally and beneficially, by the person or persons listed on Exhibit "B"

attached hereto.

 25.02. The above-named person or persons has (have) individually, and

jointly and severally, executed this Agreement, and such person, or one of such

persons, is and shall be the chief executive officer of the Franchisee

corporation, holding such corporate office or offices as may be necessary to

maintain and exercise the actual power and authority actively to direct the

affairs of the Franchisee.

 25.03. Franchisee is validly incorporated and duly existing under the

laws of the State of, is duly qualified to conduct business therein, and has

its principal place of business at. Franchisee shall promptly notify Franchisor

in writing of any change thereto during the term of this Agreement.

 (SIGNATURES ON FOLLOWING PAGE)

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 IN WITNESS WHEREOF, the parties hereto, intending to be legally bound

hereby, have duly executed, sealed, and delivered this Agreement in triplicate

on the day and year first above-written.

WITNESSES: CINNABON, INC., SUCCESSOR IN INTEREST TO

 SEATTLE'S BEST COFFEE, LLC

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Title:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 DEVELOPER:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Title:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 {SIGNATURE PAGE TO FRANCHISE AGREEMENT}

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 EXHIBIT "A"

 SEATTLE'S BEST COFFEE

 FRANCHISE AGREEMENT

 NOTICE OF COMMENCEMENT DATE

Name of Franchisee: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Franchise Agreement Dated: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Franchise Premises Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Store Number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 NOTICE is hereby given to the abovementioned Franchisee pursuant to

Section 2.01 of the Franchise Agreement that the Term of the abovementioned

Franchise Agreement commenced on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 200\_\_\_, and that the Term

shall expire on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_, unless the Franchise Agreement is

terminated earlier, pursuant to its terms and conditions.

 SEATTLE'S BEST COFFEE, LLC.

 By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Date of Notice: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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 EXHIBIT "B"

 SHAREHOLDERS OF FRANCHISEE

 (For Corporate Franchisees)

 Name of Number of % Ownership

Shareholders Shares of Franchisee Title

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