

CAPITAL CONNECTION, INC.

417 E. Virginia Street, Suite 1 • Tallahassee, Florida 32302
(850) 224-8870 • 1-800-342-8062 • Fax (850) 222-1222

P97000097813

Lucy Lucy's Inc.

FILED
98 MAY 8 PM 3:54
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Name	5/11/98
Accountability	Don
Examiner	Don
Updater	Don
License Verifier	Don
Acknowledgment	Don
W.P. Verifier	Don

Signature

Requested by: Cher

5.8

248
8:00

Name

Date

Time

Walk-In

Will Pick Up

Art of Inc. File

LTD Partnership File

Foreign Corp. File

L.C. File

Fictitious Name File

Trade/Service Mark

Merger File

Art. of Amend. File

RA Resignation

Dissolution / Withdrawal

Annual Report / Reinstatement

Cert. Copy

Photo Copy

Certificate of Good Standing

Certificate of Status

Certificate of Fictitious Name

Corp Record Search

Officer Search

Fictitious Search

Fictitious Owner Search

Vehicle Search

Driving Record

UCC 1 or 3 File

UCC 11 Search

UCC 11 Retrieval

Courier

900002517719-8

05/11/98-01001-001

****262.50 ****262.50

RECEIVED
98 MAY 8 PM 3:12
DIVISION OF CORPORATION

ARTICLES OF MERGER
Merger Sheet

MERGING:

JUICY LUCY'S, INC., a Florida corporation K18114

FRANCHISE MANAGEMENT INTERNATIONAL, INC., a Delaware corp.
F97000005355

INTO

JUICY LUCY'S MERGER SUBSIDIARY, INC., a Florida corporation,
P97000097813

File date: May 8, 1998, effective May 9, 1998

Corporate Specialist: Annette Hogan

RECEIVED
5/19/98

FILED
98 MAY -8 PM 3:54
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

**ARTICLES OF MERGER
OF
JUICY LUCY'S, INC.
A Florida Corporation
INTO
JUICY LUCY'S MERGER SUBSIDIARY, INC.
A Florida Corporation
AND
FRANCHISE MANAGEMENT INTERNATIONAL, INC.
A Delaware Corporation**

The undersigned corporations, JUICY LUCY'S, INC., JUICY LUCY'S MERGER SUBSIDIARY, INC. and FRANCHISE MANAGEMENT INTERNATIONAL, INC. do hereby certify that:

1. Juicy Lucy's, Inc. ("Juicy Lucy's") is a corporation duly organized and validly existing under the laws of the State of Florida.
2. Juicy Lucy's Merger Subsidiary, Inc. ("Merger Subsidiary") is a corporation duly organized and validly existing under the laws of the State of Florida.
3. Franchise Management International, Inc. ("FMI") is a corporation duly organized and validly existing under the laws of the State of Delaware.
4. Juicy Lucy's, Merger Subsidiary and FMI are parties to a merger agreement whereby Juicy Lucy's will be merged with and into Merger Subsidiary which is a wholly owned subsidiary of FMI. Pursuant to the merger agreement, the Shareholders of Juicy Lucy's will receive shares of FMI, cash and promissory notes in exchange for their shares of Juicy Lucy's. Merger Subsidiary will be the surviving corporation and Juicy Lucy's will cease to exist.
5. The Articles of Incorporation of Merger Subsidiary as existing prior to the effective date of the merger, shall continue in full force as the Articles of Incorporation of the surviving corporation; provided, however, that the first sentence of Article I of the Certificate of Incorporation is hereby amended to read in its entirety as follows: "The name of this Corporation is Juicy Lucy's, Inc."
6. Attached to these Articles of Merger is the Merger Purchase Agreement dated December 10, 1997 ("Merger Agreement") which sets forth the plan of merger providing for the merger of Juicy Lucy's into Merger Subsidiary.
7. The plan of merger as set forth in the attached Merger Agreement has been approved by Written Consent of the Board of Directors of Juicy Lucy's dated February 6, 1998 and approved by a majority of the Shareholders of Juicy Lucy's, Inc. at a meeting held on March 12, 1998. Juicy Lucy's has 3,607,500 shares of common stock issued,

outstanding and entitled to vote on the plan of merger of which 3,570,250 shares voted in favor of the merger.

8. The plan of merger as set forth in the attached Merger Agreement has been approved by Unanimous Written Consent of the Board of Directors and sole shareholder of Merger Subsidiary dated November 17, 1997.

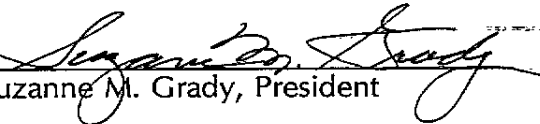
9. The plan of merger as set forth in the attached Merger Agreement has been approved by Unanimous Written Consent of the Board of Directors of FMI dated November 14, 1997. Approval by the Shareholders of FMI was not required.

10. The manner in which the exchange of issued shares of Juicy Lucy's shall be effected is set forth in the attached Merger Agreement.

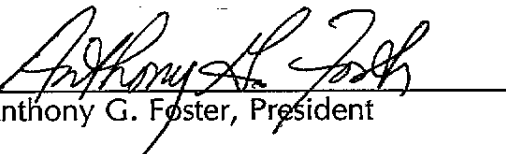
11. The merger shall become effective on Saturday, May 9, 1998 at 11:59 p.m.

IN WITNESS WHEREOF, the undersigned have executed these Articles of Merger on May 8, 1998.

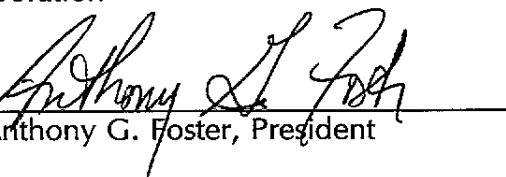
JUICY LUCY'S, INC., a Florida corporation

By: 
Suzanne M. Grady, President

JUICY LUCY'S MERGER SUBSIDIARY,
INC., a Florida corporation

By: 
Anthony G. Foster, President

FRANCHISE MANAGEMENT
INTERNATIONAL, INC., a Delaware
corporation

By: 
Anthony G. Foster, President

MERGER PURCHASE AGREEMENT

Among

FRANCHISE MANAGEMENT INTERNATIONAL, INC.,

as Purchaser,

AND

JUICY LUCY'S MERGER SUBSIDIARY, INC.,

**as Merger Subsidiary and
Surviving Corporation**

AND

JUICY LUCY'S, INC.,

as Target Corporation

Dated as of December 10, 1997

TABLE OF CONTENTS

	<u>Page</u>
1. <u>Defined Terms</u>	1
2. <u>The Merger Transaction</u>	4
2.1 <u>The Merger</u>	4
2.2 <u>The Closing</u>	4
2.3 <u>Actions at the Closing</u>	5
2.4 <u>Effect of Merger</u>	5
2.4.1 <u>General</u>	5
2.4.2 <u>Articles of Incorporation</u>	5
2.4.3 <u>Bylaws</u>	5
2.4.4 <u>Directors and Officers</u>	5
2.4.5 <u>Conversion of Juicy Lucy's Shares</u>	5
2.4.6 <u>Juicy Lucy's Warrants and Options</u>	5
2.4.7 <u>Shares of Merger Subsidiary</u>	5
2.5 <u>Procedure for Payment of Juicy Lucy's Shareholders</u>	5
2.6 <u>Dissenting Juicy Lucy's Shares</u>	5
2.7 <u>Adjustments Upon Changes in Capitalization</u>	6
2.8 <u>Restricted Securities</u>	6
3. <u>Other Agreements</u>	6
3.1 <u>Additional Consideration</u>	6
3.2 <u>Adjustments Upon Changes in Capitalization</u>	7
3.3 <u>Key Employee Employment Agreement</u>	7
3.4 <u>List of Affiliates</u>	7
3.5 <u>Release of Personal Guarantees</u>	7
3.6 <u>'34 Act Registration</u>	7
3.7 <u>Purchase of Insurance Policies</u>	7
3.8 <u>Shareholder Voting Agreement</u>	7
4. <u>Representations and Warranties of the Target Corporation</u>	8
4.1 <u>Organization and Good Standing</u>	8
4.2 <u>Authority</u>	8
4.3 <u>No Subsidiaries</u>	8
4.4 <u>Financial Statements</u>	8
4.5 <u>Leaseholds and Improvements</u>	8
4.6 <u>Real Property</u>	8
4.7 <u>Personal Property, Inventories and Title to Property</u>	9
4.8 <u>Intellectual Property Rights</u>	9
4.9 <u>Litigation</u>	9
4.10 <u>Compliance with Laws</u>	9
4.11 <u>Entire Business</u>	9
4.12 <u>Contracts</u>	9
4.13 <u>Receivables; Payables</u>	10
4.14 <u>Certain Transactions</u>	10
4.15 <u>Employees</u>	11
4.16 <u>Employee Benefit Plans</u>	11
4.17 <u>Licenses and Permits</u>	13
4.18 <u>Transactions with Affiliates</u>	13
4.19 <u>Truthfulness</u>	13
4.20 <u>Payments</u>	13
4.21 <u>Insurance</u>	13
4.22 <u>Environmental Matters</u>	13
4.23 <u>Status of Corporation and Juicy Lucy's Shareholders</u>	13
4.24 <u>Tax Matters</u>	14
4.25 <u>No Sale</u>	14
4.26 <u>Investment Company Act</u>	14
4.27 <u>Purchase Commitments</u>	14
4.28 <u>Certain Reports</u>	14
4.29 <u>Certain Payments to Shareholders</u>	14
4.30 <u>Bank and Securities Accounts</u>	14
4.31 <u>Charter Documents</u>	14
4.32 <u>Capitalization</u>	14
4.33 <u>Officers and Directors</u>	15

	<u>Page</u>
4.34 <u>Dividends</u>	15
4.35 <u>Continuity of Business Enterprise</u>	15
5. <u>Representations and Warranties of Purchaser and Merger Subsidiary</u>	15
5.1 <u>Organization</u>	15
5.2 <u>Authority</u>	15
5.3 <u>Litigation</u>	15
5.4 <u>Truthfulness</u>	15
5.5 <u>Capital Structure</u>	16
5.6 <u>Material Changes</u>	16
5.7 <u>No Undisclosed Liabilities</u>	16
5.8 <u>No Default</u>	16
5.9 <u>Board and Shareholder Action</u>	16
5.10 <u>Compliance with Laws Generally</u>	16
5.11 <u>Capitalization of AEF; Proposed Merger</u>	16
6. <u>Further Covenants and Agreements</u>	16
6.1 <u>Conduct of Business</u>	16
6.2 <u>Third Party Consents</u>	18
6.3 <u>Access; Information</u>	18
6.4 <u>Audited Financial Statements</u>	18
6.5 <u>Interim Financial Statements and Other Financial Reports</u>	19
6.6 <u>Insurance Proceeds</u>	19
6.7 <u>Florida Franchise Tax Clearance</u>	19
7. <u>Conditions Precedent to Obligations of Purchaser and Merger Subsidiary</u>	19
7.1 <u>Opinion of Counsel</u>	19
7.2 <u>Performance by Corporation and Juicy Lucy's Shareholders</u>	19
7.3 <u>Representations and Warranties</u>	19
7.4 <u>No Actions or Proceedings</u>	19
7.5 <u>No Material Adverse Change</u>	19
7.6 <u>Officer's Certificate</u>	19
7.7 <u>Satisfaction of Counsel</u>	19
7.8 <u>Consents and Estoppels</u>	19
7.9 <u>Title Reports, Lien, Judgment and Other Searches</u>	19
7.10 <u>Employment Agreement</u>	19
7.11 <u>Merger Documents</u>	20
7.12 <u>Florida Franchise Tax Clearance</u>	20
7.13 <u>Investment Letters</u>	20
8. <u>Conditions Precedent to Obligations of Juicy Lucy's</u>	20
8.1 <u>Opinion of Counsel</u>	20
8.2 <u>Performance by Purchaser</u>	20
8.3 <u>Representations and Warranties</u>	20
8.4 <u>No Actions or Proceedings</u>	20
8.5 <u>Officer's Certificate</u>	20
8.6 <u>Employment Agreement</u>	20
8.7 <u>Offering Proceeds</u>	20
8.8 <u>Satisfaction of Counsel</u>	20
8.9 <u>Merger Documents</u>	20
8.10 <u>Merger Consideration</u>	20
8.11 <u>Employment Agreement</u>	21
8.12 <u>Key Person Insurance Policy</u>	21
8.13 <u>Stock Transfer Restrictions</u>	21
9. <u>Miscellaneous</u>	21
9.1 <u>Brokers</u>	21
9.2 <u>Expenses</u>	21
9.3 <u>Amendments and Waivers</u>	21
9.4 <u>Transferability</u>	21
9.5 <u>Termination</u>	21
9.6 <u>Notices</u>	21
9.7 <u>Governing Law; Choice of Forum</u>	21
9.8 <u>Partial Invalidity</u>	22

	<u>Page</u>
9.9 <u>Section Headings</u>	22
9.10 <u>Counterparts</u>	22
9.11 <u>Entire Agreement</u>	22
9.12 <u>Public Announcements</u>	22
9.13 <u>Survival</u>	23
9.14 <u>Disputes</u>	23
9.15 <u>Gender</u>	23
9.16 <u>Indemnities</u>	23
9.17 <u>No Waiver; Cumulative Remedies</u>	24

MERGER PURCHASE AGREEMENT

This MERGER PURCHASE AGREEMENT is dated as of December 10, 1997 ("Agreement"), among **FRANCHISE MANAGEMENT INTERNATIONAL, INC.**, a Delaware corporation ("Purchaser"), **JUICY LUCY'S MERGER SUBSIDIARY, INC.**, a Florida corporation ("Merger Subsidiary" or, after giving effect to the Florida statutory merger described in this Agreement, the "Surviving Corporation"), and **JUICY LUCY'S, INC.**, a Florida corporation ("Juicy Lucy's" or the "Target Corporation").

This Agreement contemplates a transaction in which Purchaser will acquire all of the outstanding capital stock of Juicy Lucy's for cash, common stock and promissory notes of Purchaser through a forward subsidiary merger of Target Corporation with and into Merger Subsidiary, with Merger Subsidiary to be the Surviving Corporation. Such acquisition is intended to qualify as a partially tax-free reorganization within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, in consideration of the premises and the respective promises herein made, and in consideration of the representations, warranties, covenants and agreements herein contained, the parties agree as follows:

1. **Defined Terms.** The following terms shall have the respective meanings ascribed to them below:

"Actual Share Appreciation Value" shall mean the average of the bid and asked prices of a Franchise Management Share over the ten (10) trading days ending on the Share Appreciation Date, subject to any necessary adjustments pursuant to Section 3.2.

"Additional Consideration" shall mean, with respect to each Juicy Lucy's Shareholder, the product obtained by multiplying (a) the amount, if any, by which the Share Appreciation Franchise Management Value exceeds the Actual Share Appreciation Value, by (b) the number of Franchise Management Shares issued to such Juicy Lucy's Shareholder pursuant to the Merger (subject, however, to reduction of such number pursuant to Section 3.1.4 and any necessary adjustments pursuant to Section 3.2).

"AEF" shall mean American Entrepreneurial Funding Corp., a Delaware corporation.

"AEF Common" shall have the meaning specified in Section 3.2.

"AEF Merger" shall have the meaning specified in Section 3.2.

"Affiliate" shall mean, with respect to any party, any person who directly or indirectly through stock ownership or through any other arrangement either controls, or is controlled by, or is under common control with, such party. The term "control" shall mean the power to direct the affairs of such party by reason of ownership of voting stock or other equity interests, by contract or otherwise.

"Agent" shall mean Suzanne M. Grady, or in the event of her death or inability to continue to serve as agent for the Juicy Lucy's Shareholders, such other person as is designated by Suzanne M. Grady or, failing such designation, such other person as is designated by a majority in interest of the Juicy Lucy's Shareholders.

"Assets" shall mean all of the assets, properties, interests, cash on hand and in bank accounts, cash equivalents, investments, marketable securities, business, good will, claims and other rights of the Target Corporation of every kind and nature whatever, tangible or intangible, vested or unvested, fixed, contingent or otherwise, real, personal or mixed, and wherever located, whether or not reflected on the books and records of the Target Corporation and whether or not described herein or in any of the exhibits or schedules delivered or to be delivered to Purchaser hereunder, including, without limitation, all respective right, title and interest of the Target Corporation in, to and under the names "Juicy Lucy's, Inc." and "Juicy Lucy's"; the Tangible Personal Property (including the Inventories); the Leaseholds; the Improvements; all rights, benefits, privileges and interests under the Contracts (including all security and other deposits thereunder); Receivables; Licenses; Intellectual Property Rights; Warranties; Records; prepaid expenses; backlog; advances; rights, benefits, claims, credits, proration and refunds due or belonging to the Target Corporation under any Contracts or insurance policies or otherwise; and all rights to any deposits made by the Target Corporation to obtain goods, services, rights or privileges of any kind; and including all of the foregoing acquired by or on behalf of the Target Corporation between the date of this Agreement and the Closing Date.

"Audit Accountants" shall have the meaning set forth in Section 6.4.

"Audited Financial Statements" shall mean the audited balance sheet and results of operations (including audited statements of income or loss, cash flows and stockholders' equity) of the Target Corporation as of and for the fiscal years ended December 28, 1996 and December 30, 1995.

"Business" shall mean, collectively, the business of the Target Corporation, which, in the aggregate, includes, but is not necessarily limited to the development, franchising, ownership and operation of Juicy Lucy's Drive-Thru restaurants.

"Capital Stock Change" shall have the meaning specified in Section 2.7.

"Closing" shall have the meaning specified in Section 2.2.

"Closing Date" shall have the meaning specified in Section 2.2.

"COBRA" shall have the meaning specified in Section 4.16.6.

"Contracts" shall mean, collectively, and "Contract" shall mean, individually, all leases relating to Leaseholds, distribution agreements, franchise agreements and arrangements, maintenance agreements, service agreements, equipment or other personal property leases, arrangements regarding the loaning of equipment or value added services, use agreements, loan, credit, or financing agreements of any kind, security agreements, chattel or leasehold mortgages, license agreements, agency agreements, purchase orders, sales orders, blanket or master agreements with customers, supply contracts, output or requirements contracts, commitments to purchase or sell goods, products or services of any kind, stockholders agreements, stock redemption agreements, stock option, warrant, purchase or rights agreements, any other agreements relating to or affecting the capital stock of the Target Corporation, buy-sell agreements, indentures, notes, restrictive covenants of any kind, and other contracts and agreements of any kind or nature, whether written or oral, to which the Target Corporation is a party or by which the Target Corporation or the Assets or the Business (in whole or in part) are subject, and all rights, interests, benefits and privileges arising thereunder.

"Dissenting Juicy Lucy's Shares" shall have the meaning specified in Section 2.6.

"Effective Time" shall have the meaning specified in Section 2.4.

"Employee" shall mean any former or current, active or inactive, employee, officer, agent, consultant, independent contractor or subcontractor of the Target Corporation.

"Employee Agreement" shall have the meaning specified in Section 4.16.1.

"Employee Plan" shall have the meaning specified in Section 4.16.1.

"Employment Agreement" shall mean the Employment Agreement to be executed and delivered by the Surviving Corporation, as employer, and the Key Employee, as employee, on the Closing Date, in the form attached as Exhibit "A".

"Environmental Laws" shall have the meaning specified in Section 4.22.

"ERISA" shall have the meaning specified in Section 4.16.1.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Florida Franchise Tax Clearance" shall mean the franchise tax clearance required to be issued by the State of Florida in connection with the Juicy Lucy's Merger.

"Franchise Management Share" shall mean a share of common stock, \$.001 par value, of Purchaser.

"GAAP" shall mean generally accepted accounting principles, consistently applied.

"Hazardous Substances" shall have the meaning specified in Section 4.22.

"Historical Financial Statements" shall mean the unaudited balance sheet and results of operations (including unaudited statements of income or loss, cash flows and stockholders' equity) of the Target Corporation as of and for the nine (9) month period ending September 30, 1997, and the Audited Financial Statements.

"Improvements" shall have the meaning specified in Section 4.5.

"Indebtedness" shall mean any (i) debt for the payment of money or borrowed money or for the deferred purchase price of property or services, (ii) obligations evidenced by notes, bonds, debentures or other instruments, (iii) lease obligations which would normally be capitalized under GAAP, and (iv) obligations under direct or indirect guarantees of (including obligations, contingent or otherwise, to assure a creditor against loss in respect of) indebtedness or obligations of others of any of the types referred to in clauses (i), (ii) or (iii) above.

"Interim Financial Statements" shall mean the Target Corporation's internal unaudited balance sheet and statement of income or loss as of and for the month ending September 30, 1997 and as and for each month thereafter the last day of which is more than fifteen (15) days prior to the Closing Date.

"Intellectual Property Rights" shall mean (i) Patents, (ii) Know-how, (iii) Trademarks, (iv) Trade Names, and (v) shop rights, copyrights, inventions, technology, service marks and all other intellectual property rights, whether registered or not.

"Internal Revenue Code" shall mean the Internal Revenue Code of 1986, as amended.

"Inventories" shall mean all inventories of Juicy Lucy's.

"Inventory List" shall have the meaning specified in Section 4.7.3.

"Juicy Lucy's" shall mean Juicy Lucy's, Inc., a Florida corporation, which is sometimes herein referred to as "Target Corporation".

"Juicy Lucy's Articles of Merger" shall have the meaning specified in Section 2.3.

"Juicy Lucy's Shares" shall mean, collectively, the 3,607,500 issued shares of common stock of Juicy Lucy's which are issued and outstanding on the date hereof and which, at the Effective Time, shall constitute all of the issued capital stock of Juicy Lucy's (subject to the existence at such time of any Dissenting Juicy Lucy's Shares).

"Juicy Lucy's Shareholders" shall mean all of the holders of Juicy Lucy's Shares.

"Key Employee" shall mean Suzanne M. Grady.

"Know-how" shall mean all trade secrets, know-how (including, without limitation, product know-how and use and application know-how), processes, product designs, specifications, work flow analyses, charts and designs, selling, quoting, bidding and other business techniques, methods and systems, customer requirements, quality control procedures, computer databases and software, telephone numbers, facsimile numbers, technology and all other information and similar intangibles, including, without limitation, technical information, safety information, research records, market information and surveys and all promotional literature, customer and supplier lists (and all other information relating to suppliers and customers) and similar data.

"Leaseholds" shall mean the real property and interests in real property leased or used by the Target Corporation in connection with the Business, or any part thereof, or otherwise.

"Liabilities" shall mean, collectively, with respect to any Person, all types of Indebtedness, liabilities, obligations, debts, duties and responsibilities of, and all claims, demands, judgments, orders, fines and penalties against, such Person of any kind or nature whatever, fixed or contingent, liquidated or unliquidated, known or unknown, disclosed or undisclosed.

"Licenses" shall mean all local, municipal, state, federal and foreign licenses, franchises, permits, consents, approvals, waivers, rights and authorizations used or required for use in connection with the conduct of the Business (or any part thereof), and all industry certifications of the Business or the Assets (or any part thereof).

"Lien" shall mean any mortgage, pledge, deed of trust, assignment, lien, charge, encumbrance, judgment, restriction or security interest of any kind or nature whatever, or the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement.

"Material Contract" shall mean any, and "Material Contracts" shall mean all, of the following Contracts: (a) any Contract providing for the purchase of Inventories (other than routine purchase orders made in the ordinary course of business consistent with past practice) by, or the sale of Inventories to, the Target Corporation (e.g., distributor, franchise, purchasing and supplier agreements); (b) any Contract (other than routine purchaser orders received in the ordinary course of business consistent with past practice) with any customer of the Target Corporation; (c) any Contract relating to borrowings (including, without limitation, the Bank Debt) made by the Target Corporation, or pursuant to which Assets of the Target Corporation are pledged or assigned as collateral, or the Business (in whole or in part) is restricted; (d) any Contract which in any manner relates to the capitalization, capital structure or authorized shares of the Target Corporation, or to any Juicy Lucy's Shares, or to rights (contingent or otherwise) to acquire any security of, or interest in, the Target Corporation or the Business, including any agreement between or among any Juicy Lucy's Shareholders relating to the Target Corporation or the Business (whether or not the Target Corporation is a party thereto); (e) any Contract which is not terminable upon ninety (90) days (or shorter) notice without liability or cost to the Target Corporation; (f) any Contract relating to any of the Leaseholds; (g) any Contract relating to insurance for the Business or the Assets, any Employee Plan, any Intellectual Property Rights or any Licenses; (h) any Contract relating to any of the real property; (i) any Contract which a reasonably prudent business person knowledgeable of the Business and exercising reasonable business judgment would deem material to the Business; and (j) any Contract entered into outside of the ordinary course of business consistent with past practice.

"Merger" shall have the meaning specified in Section 2.1.

"Merger Consideration" shall have the meaning specified in Section 2.4.5.

"Merger Subsidiary" shall mean Juicy Lucy's Merger Subsidiary, Inc., a Florida corporation, and a wholly-owned subsidiary of Purchaser.

"Net Working Capital Amount" shall mean the amount by which the sum of (a) Juicy Lucy's cash, accounts receivable, prepaid assets rent, deposits (including utilities deposits, but excluding security deposits under lease agreements and prepaid rent deposits under lease agreements) and intercompany receivables, as of the Closing Date, exceeds (or is exceeded by) (b) Juicy Lucy's current liabilities (including unpaid transaction expenses described in Section 9.1 or 9.2, but excluding the \$50,000 promissory note delivered by Juicy Lucy's to the landlord in connection with the termination of the lease for Store #15 in Sebring, Florida), as of the Closing Date. The Net Working Capital Amount shall be determined in a manner consistent with the Juicy Lucy's proforma purchase price adjustments set forth on the unaudited balance sheet at January 3, 1998 attached hereto as Exhibit "D" was determined.

"Patents" shall mean patents (including all reissues, divisions, continuations, continuations in part and extensions thereof), patent applications and patent disclosures docketed and all other patent rights (including, without limitation, all claims against third parties for past infringement not heretofore asserted).

"Person" shall mean any natural person, corporation, association, partnership, governmental agency or subdivision thereof, joint venture or other entity.

"Promissory Notes" shall mean the promissory notes constituting a part of the Merger Consideration pursuant to Section 2.4.5.

"Purchaser" shall mean Franchise Management International, Inc., a Delaware corporation.

"Receivables" shall mean, collectively, all accounts receivable, claims, notes and other amounts receivable by, or owed to, the Target Corporation or which may be claimed by the Target Corporation as a result of the operation or ownership of the Business (or any part thereof), including, without limitation, all amounts due from franchisees, customers, vendors and Employees, together with any unpaid financing charges accrued thereon, whether or not arising in the ordinary course of business.

"Records" shall mean, collectively, originals, or, to the extent originals are not available, true and complete copies, of all business, accounting and financial records, including corporate minute books and records, and stock ledgers and records, property records, contract records, personnel records, correspondence, files, books and documents of the Target Corporation, including, without limitation, production, testing, quality control, sales, marketing and advertising data and materials, customer and supplier records and mailing lists of any and all types, vendor and customer invoices, billing records, software and related documentation, art work, photographs and advertising material, manuals and teaching aids, and all other records relating to the Business as presently and heretofore conducted.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Share Appreciation Date" shall mean the earlier of (a) the tenth day on which the Franchise Management Shares are publicly traded on NASDAQ or any national securities exchange or (b) the date that the assets of Purchaser or a fifty-one percent (51%) or greater stock interest in Purchaser is acquired by a third party in an arm's-length transaction.

"Successor Company" shall have the meaning specified in Section 3.2.3.

"Successor Company Shares" shall have the meaning specified in Section 3.2.3.

"Surviving Corporation" shall mean Merger Subsidiary after giving effect to the Merger.

"Tangible Personal Property" shall mean, collectively, all fixed assets, machinery, equipment, tools, vessels, containers, computers, vehicles, furniture, fixtures, leasehold improvements, office equipment, plant, supplies, inventory (including, without limitation, Inventories) and other tangible personal property owned by the Target Corporation of any kind or nature.

"Target Corporation" shall mean Juicy Lucy's, Inc.

"Taxes" shall mean all taxes of any kind, including, without limitation, those on, or measured by or referred to as, income, gross receipts, capital gains, built-in gains, retained earnings, sales (including, without limitation, sales taxes due or payable on leases), use, ad valorem, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, documentary stamp, intangible (recurring and non-recurring), occupation, premium, property or windfall profits taxes, customs duties or similar fees, import or export duties, and assessments or charges of any kind whatever, together with any interest and any penalties, additions to tax or additional amounts imposed by any taxing authority, domestic or foreign.

"Trademarks" shall mean trademarks, registrations thereof, pending applications therefor and such unregistered rights as may exist through use.

"Trade Names" shall mean, collectively, trade names, brand marks, trade dress, brand names and all other names and slogans used in connection with the Business embodying the Target Corporation's good will for which no trademark registration has been obtained and for which no application is pending.

"Warranties" shall mean, collectively, all warranties in favor of the Target Corporation with respect to any and all Tangible Personal Property (including Inventories) or pursuant to any Contract, including, without limitation, warranties of any supplier of Tangible Personal Property (including Inventories) sold to the Target Corporation, whether resold or to be resold by the Target Corporation to its customers.

2. The Merger Transaction.

2.1 The Merger. On and subject to the terms and conditions of this Agreement, Target Corporation will merge with and into Merger Subsidiary (the "Merger") at the Effective Time. Merger Subsidiary shall be the corporation surviving the Merger.

2.2 The Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Bruck & Perry, 500 Newport Center Drive, Suite 700, Newport Beach, California, commencing at 10:00 a.m. local time on the third business day following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the

transactions contemplated hereby (other than conditions with respect to actions the respective parties will take at the Closing itself) or such other place or date as the parties may mutually determine (the "Closing Date").

2.3 Actions at the Closing. At the Closing, (i) Juicy Lucy's will deliver or cause to be delivered to Purchaser and Merger Subsidiary the various certificates, instruments, agreements and documents referred to in Section 7 of this Agreement, (ii) Purchaser and Merger Subsidiary will deliver or cause to be delivered to Juicy Lucy's and the Juicy Lucy's Shareholders the various certificates, instruments, agreements and documents referred to in Section 8 of this Agreement, (iii) Juicy Lucy's and Merger Subsidiary will file with the Secretary of State of the State of Florida Articles of Merger in the form attached hereto as Exhibit "B" (the "Juicy Lucy's Articles of Merger"), and (iv) Purchaser will deliver or will cause to be delivered, or provide for the delivery of, the Merger Consideration in the manner provided below in this Section 2.

2.4 Effect of Merger.

2.4.1 General. The Merger shall become effective at the time (the "Effective Time") Juicy Lucy's and Merger Subsidiary file the Juicy Lucy's Articles of Merger with the Secretary of State of the State of Florida. The Merger shall have the effect set forth in the Florida Business Corporations Act. The Surviving Corporation may, at any time after the consummation of the Merger, take any action (including executing and delivering any document) in the name and on behalf of the Target Corporation with which it was merged in order to carry out and effectuate the transactions contemplated by this Agreement.

2.4.2 Articles of Incorporation. The Articles of Incorporation of the Surviving Corporation shall be the Articles of Incorporation of Merger Subsidiary immediately prior to the Effective Time.

2.4.3 Bylaws. The Bylaws of the Surviving Corporation shall be the Bylaws of Merger Subsidiary immediately prior to the Effective Time.

2.4.4 Directors and Officers. The director(s) and officers of the Surviving Corporation at and as of the consummation of the Merger shall be as set forth on Schedule 2.4.4 hereto.

2.4.5 Conversion of Juicy Lucy's Shares. At and as of the Effective Time, all of the outstanding Juicy Lucy's shares shall be exchanged for the following (the "Merger Consideration"): (i) an aggregate cash amount equal to (A) Five Hundred Thousand Dollars (\$500,000) plus or minus (B) the Net Working Capital Amount plus (C) the amount of net proceeds received by Purchaser in excess of Seven Hundred Fifty Thousand Dollars (\$750,000) in its private offering of securities referenced in Section 8.7 up to a maximum of Two Hundred Fifty Thousand Dollars (\$250,000) minus (D) the amount of any payments to dissenters pursuant to Section 2.6, (ii) secured promissory notes payable in sixty (60) aggregate monthly installments of Twelve Thousand Five Hundred Dollars (\$12,500) each (inclusive of principal and accrued interest) commencing five (5) years after the Closing Date in the form of Exhibit "C" hereto, (iii) one million (1,000,000) Franchise Management Shares, and (iv) the right to receive a portion of the Additional Consideration. Exhibit "D" hereto sets forth the portion of the Merger Consideration payable to each Juicy Lucy's Shareholder.

2.4.6 Juicy Lucy's Warrants and Options. At and as of the Effective Date, all outstanding warrants or options for the purchase of Juicy Lucy's capital stock shall be cancelled and shall become null and void.

2.4.7 Shares of Merger Subsidiary. None of the issued shares of capital stock of Merger Subsidiary shall be converted as a result of the Merger, but all of such shares shall remain issued shares of capital stock of the Surviving Corporation.

2.5 Procedure for Payment of Juicy Lucy's Shareholders.

2.5.1 Upon the effectiveness of the Merger, all Juicy Lucy's Shares, without any further action being required, shall automatically be cancelled and be of no further force, effect or significance. At the Closing, all stock certificates evidencing any issued Juicy Lucy's Shares (together with spousal consents, for all married Juicy Lucy's Shareholders, in form and content reasonably satisfactory to Purchaser) shall be delivered to Purchaser. Purchaser may, upon or following the effectiveness of the Merger, mark all of such certificates "void" or "cancelled" and/or take such other action as appropriate or desirable to evidence the cancellation and cessation of existence of all of Juicy Lucy's Shares.

2.5.2 As soon as is reasonably practicable following the Closing Date (but in no event later than the third business day following the Closing Date), Purchaser shall pay and/or cause to be paid the Merger Consideration in accordance with the Merger Consideration tables attached as Exhibit "C", subject to appropriate adjustment in the event of payments to dissenters pursuant to Section 2.6. Purchaser shall rely exclusively on the stock certificates evidencing ownership of Juicy Lucy's Shares which are delivered to Purchaser at Closing and the information contained in Exhibit "C" in paying the Merger Consideration. In the event of any difference between Exhibit "C" and the stock certificates for the Juicy Lucy's Shares delivered to Purchaser, Purchaser shall make payment of the Merger Consideration on the basis of the stock certificates.

2.5.3 For the convenience of Purchaser, fractional Franchise Management Shares shall not be issued. Any person who would otherwise be entitled to receive a fractional interest in a Franchise Management Share shall receive, at the time the Merger Consideration is paid one (1) whole Franchise Management Share in lieu of such fractional share.

2.6 Dissenting Juicy Lucy's Shares. Should there hereafter arise, for any reason, a situation wherein a stockholder of the Target Corporation could have rights under applicable law to dissent from the approval of the Merger, Purchaser shall be obligated (assuming all other conditions precedent to its obligation to close under this Agreement have been satisfied or waived) to close under

this Agreement as long as those Juicy Lucy's Shareholders who exercise such dissenters' rights own in the aggregate no more than three percent (3%) of the issued capital stock of Juicy Lucy's, (collectively "Dissenting Juicy Lucy's Shares"). Holders of Dissenting Juicy Lucy's Shares, if any, shall be entitled to such dissenters' rights in respect of the Merger as are set forth in the Florida Business Corporations Act, as applicable, and all applicable procedures therein contained shall be observed. Holders of Dissenting Juicy Lucy's Shares shall not be considered Juicy Lucy's Shareholders or entitled to the Merger Consideration or Additional Consideration for any purpose of this Agreement or any Exhibit to this Agreement. It is again emphasized that no Dissenting Juicy Lucy's Shares are anticipated, and that this Section has been included only to address any unforeseen circumstance which would create dissenters' rights. In the event that Dissenting Juicy Lucy's Shares do exist, and the payment in solely cash (as opposed to cash, promissory notes and stock) to the dissenters would cause the aggregate consideration in the Merger to consist of a higher amount of cash than stock (viewed in dollar value), the stockholders of the Target Corporation shall automatically be deemed to have elected to increase, on a pro rata basis, the proportion of stock to cash and promissory notes received to the extent necessary to render the stock portion at least equal to the cash and promissory notes portion. Any payments required to be made to dissenters shall be made by Purchaser (and not the Target Corporation or Merger Subsidiary) and shall reduce the aggregate Merger Consideration on a dollar for dollar basis.

2.7 Adjustments Upon Changes in Capitalization: The Target Corporation and the Juicy Lucy's Shareholders shall not cause or permit to occur any stock split, reverse stock split, stock dividend, reclassification or recapitalization which changes the character or amount (a "Capital Stock Change") of the Juicy Lucy's Shares. Nonetheless, without in any manner limiting Purchaser's or Merger Subsidiary's rights or remedies in respect of any breach of the obligations set forth in the preceding sentence or elsewhere in this Agreement, should a Capital Stock Change with respect to any Juicy Lucy's Shares occur prior to Closing, and Purchaser nevertheless elects to close, Purchaser shall make such adjustments to the Merger Consideration as shall be equitable and appropriate in order to make such Merger Consideration (as a whole and per affected stockholder of the Target Corporation), as nearly as practicable, equivalent in value to such Merger Consideration (as a whole and per affected stockholder of the Target Corporation) prior to the Capital Stock Change.

2.8 Restricted Securities. The Franchise Management Shares to be issued in exchange for shares of the Target Corporation have not been registered under the Securities Act by reason of an exemption therefrom, and may not be transferred or resold except pursuant to an effective registration statement or exemption from registration and each certificate representing Franchise Management Shares will be endorsed with the following legend and any legend required to be placed thereon by applicable state securities laws:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF A CURRENT AND EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT WITH RESPECT TO SUCH SHARES, OR AN OPINION OF THE ISSUER'S COUNSEL TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED UNDER THE ACT."

3. Other Agreements.

3.1 Additional Consideration.

3.1.1 If, on the Share Appreciation Date, the Actual Share Appreciation Value is not equal to or higher than \$3.00, the Additional Consideration, if any, shall, within ten (10) business days following the Share Appreciation Date, be paid to those Juicy Lucy's Shareholders entitled to receive Additional Consideration.

3.1.2 If, prior to the establishment of a public trading market for the Franchise Management Shares, (a) Purchaser proposes to enter into the sale or transfer of all or substantially all of the assets of Purchaser or the Surviving Corporation by merger or otherwise at a value of less than \$3.00 per share or (b) Purchaser enters into an agreement for the sale or transfer of a fifty percent (51%) or greater stock interest in Purchaser at a price of less than \$3.00 per share, the Additional Consideration, if any, shall be paid to those Juicy Lucy Shareholders entitled to receive Additional Consideration prior to the consummation of the sale, transfer or merger transaction.

3.1.3 The Additional Consideration may be paid by Purchaser, solely at Purchaser's election, in cash, in Franchise Management Shares (based upon the Actual Share Appreciation Value), or a combination thereof; provided, however, that payment shall be made in Franchise Management Shares (based upon the Actual Share Appreciation Value) to the extent necessary to cause the total Merger Consideration and Additional Consideration (viewed in dollar value using, as to valuation of Franchise Management Shares, the Actual Share Appreciation Value) paid to all Juicy Lucy's Shareholders, in the aggregate (and, viewed separately as to the Merger), to consist of a higher dollar value of Franchise Management Shares than of cash consideration. In determining the amount (viewed in dollar value) of Franchise Management Shares for these purposes, effect shall be given to the amount of imputed interest for federal and state income tax purposes, if any, which shall be deducted in making the above calculation.

3.1.4 Notwithstanding any of the foregoing to the contrary contained in this Section 3.1, for purposes of calculating Additional Consideration, each Franchise Management Share sold, transferred or otherwise disposed of by any Juicy Lucy's Shareholder to any person at any time after the Closing Date (other than transfers by gift or transfers upon the death of such Juicy Lucy's Shareholder or transfers to a trust controlled by or for the benefit of such Juicy Lucy's Shareholder) shall conclusively be deemed to be a Franchise Management Share acquired by such Juicy Lucy's Shareholder pursuant to the Merger, the sale, transfer or disposal of which shall reduce the number of Franchise Management Shares used to calculate Additional Consideration (regardless of any acquisitions or reacquisitions of Franchise Management Shares by such Juicy Lucy's Shareholder at any time).

3.1.5 Notwithstanding any of the foregoing to the contrary contained in this Section 3.1, in the event that no public trading market on NASDAQ or any national securities exchange for Franchise Management Shares is established within five (5) years from the Closing Date, all rights and obligations with respect to the payment of Additional Consideration shall automatically terminate and this Section 3.1 shall be of no further force or effect; provided, however, that if a registration statement for the sale of Franchise Management Shares is filed with the federal Securities Exchange Commission or an agreement of merger or sale is signed prior to the end of such five (5) year period, such payment obligation shall remain in effect until the effectiveness or withdrawal of the registration statement or the closing or abandonment of the agreement of merger or sale.

3.2 Adjustments Upon Changes in Capitalization.

3.2.1 Purchaser has entered into a letter of intent with American Entrepreneurial Funding Corp., a Delaware corporation ("AEF"), providing for the merger of Purchaser with and into AEF (the "AEF Merger"). Upon the closing of the AEF Merger, AEF will issue 5,000,000 shares of its common stock, \$.001 par value ("AEF Common"), in exchange for all of the Franchise Management Shares then outstanding (excluding the 1,000,000 shares issuable as part of the Merger Consideration hereunder). AEF will have 4,115,605 shares of AEF Common outstanding and 375,000 shares of AEF Common reserved for issuance prior to the closing of the AEF Merger. It is anticipated that the AEF Merger will close prior to the Merger contemplated hereby. Upon the closing of the AEF Merger, all references to Purchaser and Franchise Management Shares herein shall thereafter refer to AEF and AEF Common, respectively. There shall be no adjustments to the Merger Consideration or Additional Consideration as a result of the AEF Merger, as the Franchise Management Shares and AEF Common are deemed to be equivalent in value.

3.2.2 Should a Capital Stock Change occur with respect to the Franchise Management Shares after the Closing Date, but prior to the date on which any Additional Consideration is to be paid, and Purchaser has elected or is required to pay some or all of such Additional Consideration in Franchise Management Shares, Purchaser shall make such adjustments to such portion of the Additional Consideration that will consist of Franchise Management Shares as shall be equitable and appropriate in order to make such portion of the Additional Consideration which is to consist of Franchise Management Shares, as nearly as practicable, equivalent in value to what such portion of the Additional Consideration which is to consist of Franchise Management Shares would have been had such Capital Stock Change not occurred.

3.2.3 Should a merger or exchange occur with respect to the Franchise Management Shares after the Closing Date, but prior to the date on which any Additional Consideration is to be paid, such that the holders of Franchise Management Shares are given shares of capital stock ("Successor Company Shares") of another company ("Successor Company") or cash or a combination thereof and the Franchise Management Shares are cancelled or otherwise cease to exist, in calculating and paying the Additional Consideration (if any), the Share Appreciation Juicy Lucy's Value and the Actual Share Appreciation Value shall be calculated with reference to the value (and any increases thereto) of Successor Company Shares, and paid, to the extent not paid in cash, in Successor Company Shares, after making all adjustments as are necessary, equitable and appropriate to reach the same result that would have been reached had any (or no) appreciation in share value occurred with respect to the Franchise Management Shares, rather than the Successor Company Shares, as if such merger or exchange had not occurred. In the event of any such merger or exchange, this Agreement, including but not limited to the obligation herein to pay Additional Consideration, shall be binding upon any such Successor Company.

3.3 Key Employee Employment Agreement. On the Closing Date, the Key Employee and the Surviving Corporation shall execute and deliver the Employment Agreement.

3.4 List of Affiliates. Prior to Closing, the Target Corporation shall deliver to Purchaser a list, certified if requested, setting forth all Affiliates of the Target Corporation.

3.5 Release of Personal Guarantees. Following the Closing Date, Purchaser and Surviving Corporation shall use their best efforts to obtain releases of the personal guarantees of Suzanne Grady and the Estate of Bob Massie with respect to the corporate obligations of Juicy Lucy's.

3.6 '34 Act Registration. Purchaser will, as soon as practicable, but in no event more than 60 days following the Closing Date, file with the Securities and Exchange Commission, a Registration Statement on Form 10 for the purposes of registering FMI's common stock pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, and to diligently prosecute such Registration Statement to effectiveness, and from and after the date of such effectiveness, make timely filing of such reports as are required to be filed by it with the Securities and Exchange Commission so that Rule 144 under the Securities Act of 1933, as amended, or any successor provision thereto will be available to security holders of Purchaser who are otherwise able to take advantage of the provisions of such Rule.

3.7 Purchase of Life Insurance. Immediately prior to the Closing, Suzanne M. Grady agrees to purchase from Juicy Lucy's and Juicy Lucy's agrees to sell to Suzanne M. Grady all insurance policies owned by Juicy Lucy's on the life of Suzanne M. Grady for the cash value of the policies, and payment for such policies shall be made by Suzanne M. Grady in cash concurrently with the payment to her of her share of the Merger Consideration.

3.8 Shareholder Voting Agreement. Suzanne M. Grady shall enter into a Shareholder Voting Agreement, in form and substance reasonably acceptable to Purchaser, which shall grant Anthony Foster an irrevocable proxy to vote the shares of JLI Common Stock owned by her to approve the Merger.

4. Representations and Warranties of the Target Corporation. The Target Corporation hereby represents and warrants to Purchaser, Merger Subsidiary and Surviving Corporation, which representations and warranties shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (including the Merger), as follows:

4.1 Organization and Good Standing. The Target Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida, with full power and authority to own or lease its properties and assets as presently owned or leased and to conduct its businesses as presently conducted and to consummate all transactions contemplated to be consummated by it under this Agreement. Except as set forth on Schedule 4.1, the Target Corporation is in good standing and duly qualified to do business in each other jurisdiction in which the ownership, leasing or operation of the Assets or the conduct of the Business by it requires such qualification and where the failure to so qualify would have a material adverse effect on the Business or the Target Corporation.

4.2 Authority. The Target Corporation has full power and authority to execute and deliver this Agreement and the other agreements and instruments to be executed and delivered by it pursuant hereto and to consummate the transactions contemplated hereby and thereby. This Agreement has been and, as of the Closing Date, each of such other agreements and instruments will be, duly executed and delivered by the Target Corporation and (assuming due authorization, execution and delivery by Purchaser and Merger Subsidiary) this Agreement constitutes, and each of such other agreements and instruments when duly executed and delivered by the Target Corporation will constitute, legal, valid and binding obligations of the Target Corporation enforceable against the Target Corporation in accordance with their respective terms. Except as set forth in Schedule 4.2, the execution and delivery by the Target Corporation of this Agreement and such other agreements and instruments and the consummation by the Target Corporation of the transactions contemplated hereby and thereby will not (a) violate, or conflict with, result in any breach of, constitute a default (or an event which with notice or lapse of time or both would become a default) under, permit the cancellation of, or result in the creation of a Lien on any of the Juicy Lucy's Shares, the Business or any of the Assets pursuant to, the Articles of Incorporation or Bylaws of the Target Corporation, or any indenture, mortgage, deed of trust, lease, Contract or other agreement or instrument, judgment, order, decree, law, ordinance, rule or regulation to which the Target Corporation is a party or by which the Target Corporation or any of the Business or any of the Assets is bound or affected, or the terms of any License held by the Target Corporation, or (b) permit or result in the acceleration of the maturity of any Indebtedness of the Target Corporation, or of any Indebtedness secured by any Assets. No approval, authorization, consent or other order or action or filing with any court, administrative agency or other governmental authority or any other person is required or desirable to obtain for or in connection with the execution and delivery by the Target Corporation of this Agreement or such other agreements and instruments or the consummation by the Target Corporation of the transactions contemplated hereby or thereby.

4.3 No Subsidiaries. The Target Corporation does not own stock or any other equity interest in, or controls, directly or indirectly, any corporation, association, partnership, business, enterprise, joint venture or other entity or person. Except as set forth in Schedule 4.3, the Target Corporation is not a party to any participation, stockholder, joint venture or partnership agreement. Except for Juicy Lucy's, and except as set forth in Schedule 4.3 (and except for de minimis passive investments in public companies or in mutual funds which invest in public companies which may be competitive with Purchaser), no Juicy Lucy's Shareholder owns stock or has any other equity interest in, controls directly or indirectly, or otherwise directly or indirectly participates in any manner or has any other interest of any kind in any corporation, association, partnership, joint venture, business, enterprise or other entity or Person which conducts or consists of or includes the business of developing, franchising, owning and operating drive-thru restaurants or any activity similar or related to the Business or any part thereof.

4.4 Financial Statements. The Historical Financial Statements, true, correct and complete copies of which are attached as Schedule 4.4 hereto, (a) were prepared in accordance with the books of account and records of the Target Corporation, (b) present fairly in all material respects the financial position and results of operations of the Target Corporation as of the dates and for the periods indicated therein, (c) were prepared in accordance with GAAP throughout the periods covered thereby (except that the unaudited financial statements do not include notes which would otherwise be required by GAAP), and (d) make full and adequate disclosure of, and provision for, all material Liabilities of the Target Corporation as of the dates thereof which are required to be disclosed by application of GAAP.

4.5 Leaseholds and Improvements. Schedule 4.5 contains a complete list of all real property and interests in real property leased or used by the Target Corporation in connection with the Business (or any part thereof) or otherwise. The improvements located on the real property subject to the Leaseholds (the "Improvements") which are material to the conduct or operation of the Business are, and as of the Closing will be, in operating and working condition, and fit for operation in the usual course of business, ordinary wear and tear excepted. The Target Corporation is the lessee of each of the leasehold estates listed in Schedule 4.5 as being leased by it. Schedule 4.5 correctly identifies (A) each lease by the Target Corporation of any real property and each space allocation arrangement with any other person covering any real or other material property used in the Business (or any part thereof) and (B) each guaranty by the Target Corporation of or relating to, any such lease or space allocation arrangement. Except as set forth in Schedule 4.5, each lease pursuant to which each Leasehold is purported to be granted is valid without any default thereunder by the Target Corporation, or, to the best of the Target Corporation's knowledge, any other party thereto. Such leases are the only leases of real property to which the Target Corporation is a party or where offices of the Business are maintained or on which tangible Assets (except for Inventories in transit) are located. Except as set forth in Schedule 4.5, the Merger will not be subject to any lease restriction or required consent or other approval provision in any such lease.

4.6 Real Property. The Target Corporation owns real property which it uses in connection with the Business or any part thereof. Schedule 4.6 contains a complete list of all real property owned by the Target Corporation and correctly identifies each mortgage or deed of trust secured by any real property owned by the Target Corporation.

4.7 Personal Property, Inventories and Title to Property.

4.7.1 All Tangible Personal Property owned, leased or used by the Target Corporation is reflected in the Historical Financial Statements, and is in operating and working condition and fit for operation in the usual course of business, ordinary wear and tear excepted, and all such Tangible Personal Property (except for Inventories in transit) is located on premises covered by Leaseholds or owned by the Target Corporation.

4.7.2 (i) Except as set forth in Schedule 4.7, the Target Corporation has good and marketable title to all of its Assets, and a good and valid leasehold interest in all property leased by the Target Corporation, free and clear of all Liens.

(ii) All of the Improvements and Tangible Personal Property owned or leased by the Target Corporation are being used and operated in material conformity with all applicable laws, statutes, codes, regulations and ordinances. The Assets are, in the aggregate, sufficient in all material respects to continue operating the Business as it is presently conducted and as it is contemplated to be conducted by Juicy Lucy's in the foreseeable future if the merger were not to take place.

4.7.3 A true and complete list of all Inventories of the Target Corporation as of September 30, 1997 has been delivered to Purchaser (the "Inventory List"). Substantially all of such Inventories are in good condition and usable in the ordinary course of the Business and in such quantities as will be utilized in the ordinary course consistent with past practice. As of the Closing Date, the Inventories of the Target Corporation will be of a quantity, mix, age, type and nature which are substantially similar to the Inventories set forth on the Inventory List.

4.8 Intellectual Property Rights. The Target Corporation does not own, or has ever owned, or licenses, or has ever licensed or obtained, the right to use, any Patents. The Target Corporation has not used any Trademarks or Trade Names in connection with the Business other than those listed on Schedule 4.8 and the Target Corporation validly owns, beneficially and of record, and holds the entire right, title and interest in and to, all of the Intellectual Property Rights (including, without limitation, the Know-how) used in the Business conducted by it, free and clear of any Lien. To the best of the Target Corporation's knowledge, the operation of the Business by the Target Corporation does not and will not infringe any patent, trade secret, trademark, intellectual property rights, or any other rights of any nature whatsoever of others. No action, suit or arbitration, or legal, administrative or other proceeding, or governmental investigation, is pending, or, to the best of the Target Corporation's knowledge, threatened, nor has any claim been asserted or threatened, which involves any Intellectual Property Rights of or used by the Target Corporation, and no state of facts exists under which any such action, suit, arbitration, proceeding or investigation might be based. The Target Corporation is not subject to any judgment, order, writ, injunction or decree of any court or any federal, state, local or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or any arbitrator, nor has the Target Corporation entered into or is it a party to any Contract, which restricts or impairs the use of any such Intellectual Property Rights.

4.9 Litigation. Except as set forth in Schedule 4.9, there is no claim, legal action, counterclaim, suit, arbitration, governmental investigation or other legal, administrative or tax proceeding, or any order, decree, judgment, settlement agreement or settlement order, in effect, in progress or pending, or to the best of the Target Corporation's knowledge, threatened against or relating to the Target Corporation, the Business or the Assets, nor does the Target Corporation know or have reason to be aware of any basis for the same. Except as set forth in Schedule 4.9, neither the Target Corporation nor the Key Employee is a party to any legal, administrative or Tax proceeding, or arbitration or mediation, of any kind or nature. Except as set forth in Schedule 4.9, there is no outstanding order, writ, injunction, judgment or decree of any court, governmental agency or arbitration tribunal or any settlement agreement or arrangement of any kind against, with, binding upon or involving any Juicy Lucy's Shareholder, the Target Corporation, the Business (or any part thereof) or any of the Assets.

4.10 Compliance with Laws. To the knowledge of its executive officers, the Target Corporation has complied and is currently in compliance in all material respects with all laws, ordinances, regulations, licensing requirements, rules, decrees, awards and orders applicable to it, the Business and the Assets including, without limitation, any thereof relating to wages, hours, hiring, promotions, retirement, working conditions, use and occupancy of the Improvements, air or water pollution, disposal of wastes or hazardous or toxic substances, other environmental matters, nondiscrimination, health, safety, pensions, employee benefits, except where the failure to comply would not, as to individual failures or as to all failures in the aggregate, have a material adverse effect on the Target Corporation, the Business or the Assets.

4.11 Entire Business. The Merger will effectively convey to the Surviving Corporation, directly or indirectly, unrestricted, unencumbered (except for any Liens identified in Schedule 4.7), 100% beneficial ownership of the entire Business of Juicy Lucy's. The Assets, properties and rights which will be owned, possessed or leased by the Target Corporation as of the Closing will constitute all of the tangible and intangible property used by the Target Corporation in connection with the conduct of the Business as now conducted, and will be transferred to the Surviving Corporation after giving effect to the Merger. Except for the sale of Inventories, disbursements of cash to pay Liabilities when due in the ordinary course of business and collection of accounts receivable in the ordinary course of business, all of the Target Corporation's Assets on the date hereof shall be transferred to the Surviving Corporation as a result of the Merger.

4.12 Contracts.

4.12.1 Schedule 4.12 contains a true and complete list of all Material Contracts to which the Target Corporation is a party or which are or will be binding upon the Target Corporation, the Business (or any part thereof) or the Assets. Except for the Material Contracts listed on Schedule 4.12 (true and complete copies of which have been previously delivered to Purchaser or, in the case of oral agreements, if any, descriptions of which are set forth on Schedule 4.12), and routine purchase orders sent or received

in the ordinary course of business consistent with past practice, the Target Corporation is not a party to nor is any of the Assets or the Business bound or affected by any Material Contract.

4.12.2 The Target Corporation has in all material respects performed all material obligations required to be performed by it under all Material Contracts to which it is a party or by which it is bound, and will in all material respects perform all material obligations required to be performed by it under Material Contracts entered into after the date hereof. Neither the Target Corporation nor, to the best of the Target Corporation's knowledge, any other party to a Material Contract with the Target Corporation, is in material default under any such Material Contract, and no event exists which with the giving of notice or the passage of time, or both, would create such a default, and the Target Corporation knows of any meritorious basis for any claim of any such default.

4.12.3 Each of the Material Contracts has been, and each Material Contract entered into after the date hereof will be, lawfully entered into and is or will be valid and in full force and effect and is or will be enforceable in accordance with its terms for the period stated in such Material Contract. The Target Corporation has not received any notice of cancellation of (or notice of threat of cancellation of), nor are there any outstanding disputes under any Material Contracts.

4.12.4 Except as set forth on Schedule 4.12 the consummation of the transactions contemplated by this Agreement (including, without limitation, the Merger) does not require any consent under any Material Contract (pursuant to or due to the existence of an anti-assignment provision, in order to avoid or prevent a default or acceleration of obligations, or otherwise), and the consummation of the transactions contemplated by this Agreement (including, without limitation, the Merger) will not require any consent under any Material Contract entered into after the date hereof, in each case, which will not have been obtained by the Closing (and copies of such consents will be given to Purchaser on or prior to the Closing Date), and such consummation will not result in the termination of any right or privilege under any Material Contract now existing or entered into after the date hereof. The Target Corporation has not received notice that any party to any Material Contract intends to cancel such Material Contract, nor has any party given the Target Corporation notice of any alleged breach of any Material Contract or of its intent to take any legal action in order to enforce its rights thereunder.

4.12.5 Except as set forth in Schedule 4.12 neither the Target Corporation nor any of the Juicy Lucy's Shareholders is a party to, nor is the Target Corporation or any of the Juicy Lucy's Shareholders or the Business (or any part or aspect thereof) bound by, any shareholders agreement, buy-sell agreement, non-competition agreement or arrangement or any other agreement or arrangement restricting or prohibiting, in any fashion, the way in which the Business (or any part or aspect thereof) is operated.

4.12.6 Schedule 4.12 includes all non-competition or other agreements or arrangements (if any) which restrict, in any fashion, any Person or Persons from competing with the Target Corporation or which otherwise are for the benefit of the Target Corporation or the Business (or any part or aspect thereof).

4.13 Receivables; Payables.

4.13.1 The accounts receivable set forth in the Historical Financial Statements constitute all of the Receivables of the Business as of the respective dates thereof. Except as set forth in Schedule 4.13, all of the Target Corporation's Receivables arose from valid sales and bona fide transactions in the ordinary course of business of the Target Corporation.

4.13.2 The Receivables, as reflected in the Historical Financial Statements and subsequent thereto through the date hereof are, to the best of the Target Corporation's knowledge, the genuine, valid and legally enforceable obligations of the account debtor thereunder and are not actually or contingently subject to any set-off or other defense on the part of such account debtor, or to any claim on the part of such account debtor denying liability thereunder; and represent bona fide transactions arising in the ordinary course of business, completed substantially in accordance with the terms and provisions contained in any agreements or documents related thereto.

4.13.3 A true, complete and correct schedule of the accounts receivable of the Target Corporation as of September 30, 1997 (or a more current date) showing aging on a 30, 60, 90 and over 90-day basis has been delivered to Purchaser.

4.13.4 All accounts payable and other Liabilities reflected in the Historical Financial Statements arose or will have arisen in the ordinary course of the Target Corporation's business. A true, complete and correct schedule of all accounts payable relating to or arising out of the operation of the Business of the Target Corporation as of September 30, 1997 (or a more current date) showing thereon any accounts payable which are 30, 60, 90 or more than 90-days past due and, with respect to any overdue amount, accompanied by an explanation as to why such amount is overdue, has been delivered to Purchaser.

4.14 Certain Transactions. Except as set forth in Schedule 4.14, since September 30, 1997, the Target Corporation has conducted its business only in the ordinary course consistent with past practice and has not: (1) paid, or made any accrual or arrangement for the payment of, bonuses or special compensation of any kind or any severance or termination pay to any Employee; (2) made any general wage or salary increases concerning its Employees (or any specific increase to the Key Employee's salary or wages) or increased or altered in any material respect any other benefits or insurance provided to or maintained on behalf of any Employee or, except as set forth in Schedule 4.15, declared or paid any bonus to any Employee; (3) mortgaged, pledged or subjected to Lien or any other restriction any of the Assets; (4) sold, assigned or transferred or agreed to sell, assign or transfer any of the Assets which in the aggregate exceed \$10,000 in value, other than sales of Inventories in the ordinary course of business consistent with past practice; (5) granted any rights or licenses relating to any Intellectual Property Rights or entered into any licensing, franchise, agency, distributorship, requirements, output or similar arrangements; (6) canceled or agreed to cancel any debts or claims; (7) waived or agreed to waive any material rights (contractual or otherwise); (8) made or permitted any amendment or termination of any Contracts other than in the ordinary

course of business; (9) effected any change in the accounting methods or principles used in connection with its books, records and financial statements; (10) suffered any damage, destruction, deterioration, impairment or loss to any Assets or the Business, whether or not covered by insurance, or suffered any event or condition of any character, which, individually or in the aggregate with others, might reasonably be expected to have a material adverse effect on the Target Corporation, the Business or the financial condition or prospects of the Target Corporation or the Business; (11) suffered any material adverse change in its financial condition or operations; (12) incurred, assumed or guaranteed, or paid, discharged or satisfied, any obligations or Liabilities except in the ordinary course of business consistent with past practice; (13) suffered any default under, or suffered any event which with notice or lapse of time or both would constitute a default under any Contract, debt instrument or other agreement to which the Target Corporation is a party or by which it, the Business or any of the Assets is bound; (14) terminated or amended, or suffered a termination or amendment of, any License; or (15) made or paid any distributions, dividends or extraordinary payments to any of its stockholders other than salary and bonuses described in Schedule 4.15.

4.15 Employees.

4.15.1 Schedule 4.15 contains a list setting forth the name and current annual salary and other compensation (of any kind) payable by the Target Corporation to each current Employee with compensation in excess of \$35,000 per year, and the profit sharing, bonus or other form of additional compensation paid or payable by the Target Corporation to or for the benefit of each such person for the current fiscal year. Except as set forth herein or in Schedule 4.12 or under the employment, consulting or other agreements listed thereon or in Schedule 4.16, there are no oral or written contracts, agreements or arrangements obligating the Target Corporation to increase the compensation or benefits presently being paid or hereafter payable to any of its Employees or other persons or to pay any bonus. Except as set forth in Schedule 4.9, there is not now, and there will not be as of the Closing Date, any liability or basis for liability of the Target Corporation arising out of claims made or suits brought (including, without limitation, workers' compensation claims and claims or suits for contribution to, or indemnification of, third parties, occupational health and safety, environmental, consumer protection or equal employment matters) for injury, sickness, disease, discrimination, death or termination of employment of any Employee or other employment matter attributable to an event occurring or a state of facts existing on or prior to the Closing Date.

4.15.2 Neither the Target Corporation nor any Affiliate of the Target Corporation is party to any collective bargaining agreement, written or oral, which covers any Employees or which is binding upon the Target Corporation. There have been, and there are, no strikes, grievances, disputes or controversies pending or, to the best of the Target Corporation's knowledge, threatened between the Target Corporation and any of its Employees or any union or other organization claiming to represent such Employees' interests. There is no request for union representation pending or, to the best of the Target Corporation's knowledge, no present union organizing or election activities in progress or threatened with respect to any Employees. There is no unfair labor practice complaint pending before the National Labor Relations Board or, to the best of the Target Corporation's knowledge, threatened against or relating to the Target Corporation or any of its Employees.

4.15.3 The Target Corporation has not engaged in any unfair labor practice or discrimination on the basis of race, age, gender, disability or otherwise in its employment conditions or practices with respect to Employees the effect of which, individually or in the aggregate, could have a material adverse effect on the Target Corporation, the Business or the Assets.

4.16 Employee Benefit Plans.

4.16.1 Schedule 4.16 annexed hereto contains a true and complete list of each plan, program, policy, practice, contract, agreement or other arrangement providing for compensation, severance, termination pay, performance award, stock or stock-related award, fringe benefit or other employee benefit of any kind, whether formal or informal, proposed or final, funded or unfunded, and whether or not legally binding, including, without limitation, each "employee benefit plan" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), ("Employee Plan") which is now, or ever has been, maintained, contributed to, or required to be contributed to, for the benefit of any Employee, and each management, employment, severance or consulting agreement or contract between the Target Corporation and any Employee, each, an "Employee Agreement". There are no oral employment or consulting or similar arrangements (other than purely "at will" employments or arrangements) between the Target Corporation and any Person (each, an "Employee Agreement"). The Target Corporation will provide to Purchaser prior to the Closing: true and complete copies of all documents, if any, embodying each Employee Plan and Employee Agreement, including all amendments thereto and written interpretations thereof; the two most recent annual reports filed with respect to each Employee Plan required under ERISA; the most recent summary plan description, if any, with respect to each Employee Plan required under ERISA; the most recent favorable determination letter from the Internal Revenue Service, if applicable, with respect to each Employee Plan; and all material communications, if any, to any Employee relating to each Employee Plan.

4.16.2 Each Employee Plan that is intended to be qualified under the Internal Revenue Code has received a determination letter from the Internal Revenue Service to the effect that such Employee Plan and related trust are qualified and exempt from federal income taxes under Sections 401(a) and 501(a) (as amended by the Tax Reform Act of 1986 and subsequent legislation), respectively, and no such determination letter has been revoked or, to the best of the Target Corporation's knowledge, has revocation been threatened. Nothing has occurred or is expected to occur which would adversely affect the qualified status of any such Employee Plan or any related trust subsequent to the issuance of such determination letter.

4.16.3 The Target Corporation has performed in all material respects all obligations required to be performed under each Employee Plan, and each Employee Plan has been established and maintained in all material respects in accordance with its terms and in compliance with all applicable laws, statutes, orders, rules and regulations, including but not limited to ERISA and the Internal Revenue Code. No Employee Plan is a defined benefit plan within the meaning of Section 3(35) of ERISA.

No Employee Plan is a multi-employer plan within the meaning of Section 3(37) of ERISA. The Target Corporation does not have any liability with respect to any defined benefit plan or multi-employer plan as a result of having been considered a "single employer" within the meaning of Section 414(b), (c), (m), (n) and (o) of the Internal Revenue Code, or otherwise, and there is no basis for such liability being imposed. There are no investigations, claims, suits or proceedings pending, or, to the best of the Target Corporation's knowledge, threatened or anticipated (other than routine claims for benefits) against any Employee Plan or the assets of any Employee Plan, and, to the best of the Target Corporation's knowledge, there are no facts that could give rise to any liability in the event of any such investigation, claim, suit or proceeding. Each Employee Plan can be amended, terminated or otherwise discontinued prior to the Closing without liability to Purchaser, the Target Corporation or the Surviving Corporation. All premiums required by any Employee Plan have been paid thereunder. All contributions due to, and payments from, the Employee Plans that may have been required to be made have been made. No "prohibited transaction" within the meaning of Section 4975 of the Internal Revenue Code or Section 406 of ERISA has occurred with respect to any Employee Plan, and, to the best of the Target Corporation's knowledge, no action or failure to act with respect to any Employee Plan could subject Purchaser, the Target Corporation, the Surviving Corporation or any Employee Plan to any tax, penalty or other liability, for breach of fiduciary duty or otherwise, under ERISA or any other applicable law, whether by way of indemnity or otherwise.

4.16.4 With respect to any defined benefit plan of the Target Corporation, there has been no failure to make any contribution or pay any amount due as required by Section 412 of the Internal Revenue Code, Section 302 of ERISA or the terms of such defined benefit plan, and there has been no request for or receipt of any funding waiver from the Internal Revenue Service. No trust has been established in connection with such defined benefit plan pursuant to Section 4049 of ERISA (as in effect on December 17, 1987), and no liabilities that would have a material adverse effect on the condition of the Business have been asserted against the Target Corporation or any entity with which it would be considered a "single employer" in connection with the Pension Plan by the Pension Benefit Guaranty Corporation ("PBGC") or by a trustee appointed pursuant to Section 4042(b) or (c) of ERISA, and no Lien has been attached and neither the PBGC nor the Internal Revenue Service has threatened to attach a Lien on any Assets of the Target Corporation or any entity within which it would be considered a "single employer" as a result of any failure to comply with the Internal Revenue Code or the Treasury regulations thereunder or ERISA. Neither the Target Corporation nor any entity with which it is or would be considered a "single employer" has provided or is required to provide security to any such defined benefit plan pursuant to Section 401(a) of the Internal Revenue Code. Neither the Target Corporation nor any entity with which it is or would be considered a "single employer" has incurred or reasonably expects to incur any Liabilities under Title IV of ERISA with respect to any such defined benefit plan. Neither the Target Corporation nor any entity with which it is or would be considered a "single employer" has transferred any assets or liabilities of such defined benefit plan which had, at the date of such transfer, "unfunded benefit liabilities" within the meaning of Section 4001(a)(18) of ERISA. No "reportable event", within the meaning of Section 4043(b) of ERISA, has occurred with respect to any such defined benefit plan. As of December 28, 1996, no such defined benefit plan had any amount of "unfunded benefit liability", within the meaning of Section 4001(a)(18) of ERISA, and termination of any such defined benefit plan has not resulted and will not result in any liability to the Target Corporation or any entity with which it is or would be considered a "single employer", Purchaser or the Surviving Corporation.

4.16.5 The Target Corporation does not maintain or contribute to any Employee Plan which provides, or has any liability to provide, life insurance, medical or other employee welfare benefits to any Employee upon his retirement or termination of employment, and the Target Corporation has never promised, represented to, or contracted with (orally or in writing) any Employee (individually or as a group) that life insurance, medical or other employee welfare benefits would be provided upon their retirement or termination of employment.

4.16.6 Each "group health plan" within the meaning of Section 4980B(g)(2) of the Internal Revenue Code maintained by the Target Corporation or any entity with which the Target Corporation is or would be considered a "single employer" has been administered in good faith in compliance with the continuation coverage requirements contained in the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), as set forth at Section 4980B of the Internal Revenue Code and any regulations promulgated or proposed thereunder (if such proposed regulations constitute substantial authority within the meaning of Section 6662 of the Internal Revenue Code and any regulations promulgated thereunder).

4.16.7 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (including, without limitation, the Merger) will not (either alone or when taken together with any additional or subsequent events) constitute an event under any Employee Plan or Employee Agreement that will or may result in any payment, upon a change in control or otherwise, whether of severance, accrued vacation, or otherwise, acceleration, vesting, distribution, increase in benefits or obligation to fund benefits with respect to any Employee.

4.16.8 The Target Corporation (except to the extent that any of the following non-compliances, failures or liabilities would not, either individually or in the aggregate, have a material adverse effect on the Target Corporation, the Business or the Assets: (i) is in material compliance with all applicable federal and state laws, rules and regulations respecting employment, employment practices, terms and conditions of employment and wages and hours, in each case, with respect to all Employees; (ii) has withheld all amounts required by law or by agreement to be withheld from the wages, salaries and other payments to Employees; (iii) is not liable for any arrearages of wages or any Taxes or any penalty for failure to comply with any of the foregoing; and (iv) other than routine payments to be made in the normal course of business and consistent with past practice and reserved for on the September 30, 1997 balance sheet included within the Historical Financial Statements, is not liable for any payment to any trust or other fund or to any governmental or administrative authority with respect to unemployment compensation benefits, Social Security or other benefits for Employees.

4.16.9 No material promises or commitments have been made with respect to any Employee Plan of the Target Corporation other than in accordance with a reasonable interpretation of the terms of such Employee Plan. There is no plan or

commitment, whether legally binding or not, to establish any new Employee Plan of the Target Corporation, to modify any Employee Plan or to enter into any new Employee Plan; nor has any intention or commitment to do any of the foregoing been communicated.

4.17 Licenses and Permits. The Target Corporation has all Licenses necessary or appropriate for the operation of the Business and the use of its Assets and properties as presently operated or used by it except where the failure to obtain such Licenses would not, individually or in the aggregate, have a material adverse effect upon the Target Corporation, the Business or the Assets. All Licenses held by the Target Corporation are valid and in full force and effect and no proceedings which could result in the termination or impairment of any such License are pending, or, to the best of the Target Corporation's knowledge, threatened. The Target Corporation is not in violation of, has not received any notice of any violation of, nor, to the best of the Target Corporation's knowledge, does any state of facts exist which could lead to a penalty in respect of or termination of any License. The consummation of this Agreement (including without limitation the Merger) will not result in or create the loss or impairment of, or a reduction of the benefits or privileges conferred by, or an obligation to make payments of any kind to maintain, any License.

4.18 Transactions with Affiliates. Except as set forth in Schedule 4.18, the Target Corporation has not purchased, acquired or leased any property or services from, or sold, transferred or leased any property or services to, or loaned or advanced any money to, or borrowed any money from, or guaranteed or otherwise become liable for any indebtedness or other obligations of, or acquired any capital stock, obligations or securities of, or made any management, consulting or similar fee arrangement with any Affiliate or any officer, director or stockholder of the Target Corporation, nor is the Target Corporation party to any agreement oral or written with respect to any of the foregoing.

4.19 Truthfulness. No statement, representation or warranty of the Target Corporation in this Agreement (including the Exhibits and Schedules hereto) or in any agreement, written document or certificate delivered by or on behalf of the Target Corporation or the Juicy Lucy's Key Shareholders pursuant to this Agreement, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements contained herein or therein not misleading; provided, however, that the Target Corporation disclaims any implied representations relative to the future business prospects of Juicy Lucy's or the risks of operating a restaurant or franchise business.

4.20 Payments. Neither the Corporation nor any director, officer or Employee thereof, nor, to the best of the Corporation's knowledge, any other Person (including, without limitation, any representative of, or broker for, the Corporation acting on behalf of the Corporation) has ever, directly or indirectly, on behalf of or with respect to the Corporation, had any transactions or payments which are not recorded in the Corporation's accounting books and records or disclosed in its financial statements, or had any off-book bank or cash accounts or "slush funds".

4.21 Insurance. Schedule 4.21 contains a complete list of all insurance policies or binders insuring the property, assets or business liabilities of the Target Corporation and with respect to the Business, true and complete copies of which have been made available to Purchaser. All properties and assets of the Target Corporation are insured by reputable insurance companies against loss or damage by fire and other risks. Except as set forth in Schedule 4.21, the Target Corporation is in compliance with the terms of all policies and instruments of insurance it owns and coverage thereunder will not be affected by the transactions contemplated hereby (including, without limitation, the Merger). With respect to the Business, there are no pending or asserted material claims against such insurance by the Target Corporation as to which the insurers have denied liability. Schedule 4.21 sets forth each claim in excess of \$10,000 (if any) made against said insurance for the preceding two (2) years (both insured and self-insured).

4.22 Environmental Matters. There has been no manufacture, refining, storage, disposal or treatment of Hazardous Substances (as hereinafter defined) by the Target Corporation at any real property currently or in the past owned, operated, used, leased or contracted for by the Target Corporation, or otherwise in violation of any Environmental Laws (as hereinafter defined) or which would require remedial action under any Environmental Law. During the past five years the Target Corporation has not received (a) notice of any such violation with respect to any Hazardous Substance at or by any of such real property, (b) notice from any governmental agency that the Target Corporation, or any present or former owner, lessee or operator of such real property, is a potentially responsible party for cleanup liability with respect to the emission, discharge or release of any Hazardous Substance or for any other matter arising under the Environmental Laws or in any litigation, administrative proceeding, finding, order, citation, notice, investigation or complaint under any Environmental Law, or (c) notice of violation, citation, complaint, request for information, order, directive, compliance schedule, notice of claim, proceeding or litigation from any party concerning the Target Corporation's compliance with any Environmental Law. All sewage is discharged into a public sanitary sewer system and no Hazardous Substances are emitted, discharged or released, directly or indirectly, by the Target Corporation into the atmosphere or any body of water. No permits, licenses or other authorizations issued pursuant to the Environmental Laws are required for the Target Corporation's use or occupancy of, or the Target Corporation's present use or occupancy of, any such real property. As used herein "Environmental Laws" means the Resource Conservation, Recovery Act, the Comprehensive Environmental Responsibility Compensation and Liability Act, the Superfund Amendments and Reauthorization Act, the Toxic Substances Control Act, the Hazardous Materials Transportation Act, the Clean Air Act, the Clean Water Act, and other similar federal, state and local laws, as amended, together with all regulations issued or promulgated thereunder, relating to pollution, the protection of the environment or the health and safety of workers or the general public. As used herein "Hazardous Substance" means any hazardous substance, hazardous or toxic waste, hazardous material, pollutant or contaminant, as those or similar terms are used in the Environmental Laws, including, without limitation, asbestos and asbestos-related products, chlorofluorocarbons, oils or petroleum derived compounds, polychlorinated biphenyls, pesticides and radon.

4.23 Status of Corporation and Juicy Lucy's Shareholders. Neither the Target Corporation nor any Juicy Lucy's Shareholder is a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code.

4.24 Tax Matters. The Target Corporation has filed all federal, state and local Tax returns and all information returns and reports required to be filed by or with respect to it under the laws of the United States or any state or other jurisdiction for all periods ending on or prior to the date hereof and will timely file all such returns and reports required to be filed from the date hereof through the Closing Date. True and complete copies of such reports and returns filed within three (3) years prior to the date hereof will be made available to Purchaser for inspection and copying and true and complete copies of all such returns and reports filed after the date hereof and on or before the Closing Date will be furnished to Purchaser upon request. All such reports and returns were or will be in all material respects accurately prepared in accordance with all applicable statutes, rules and regulations and are or will be correct as filed. The Target Corporation has paid all Taxes (including, without limitation, Taxes for which the Target Corporation is a collection agent - e.g., withholding, excise, sales, use, Social Security and similar Taxes) which have become due or payable (and will pay on or prior to the Closing Date all Taxes which have become due or payable on or prior to the Closing Date). The Target Corporation has never been included in a consolidated federal income tax return or combined or unitary state tax return. The Target Corporation is not a party to or has not been notified that it is the subject of any pending, proposed or threatened action, investigation, proceeding, audit, claim or assessment by or before the Internal Revenue Service or any other governmental authority, and no claim for assessment, deficiency or collection of Taxes, or proposed assessment, deficiency or collection, for which the Target Corporation may be liable, has been asserted or threatened against it. The Target Corporation has not received any notice of deficiency, assessment or collection or proposed deficiency, assessment or collection from the Internal Revenue Service or any other governmental authority which has not been satisfied, nor does the Target Corporation have any reason to believe that any such notice will be received in the future. Except as set forth in Schedule 4.25, neither the Internal Revenue Service nor any state taxing authority has ever audited any Tax return of the Target Corporation. The charges, accruals and reserves shown in the Historical Financial Statements of the Target Corporation in respect of Taxes for all fiscal periods to date are adequate. There are no material unpaid assessments or proposals for additional Taxes for which the Target Corporation does not have adequate reserves, nor does the Target Corporation know of any basis therefor for any such period. There are no Tax rulings, requests for rulings or closing agreements relating to the Target Corporation which could affect its liability for Taxes for any period. No power of attorney has been granted by the Target Corporation or any of its Affiliates with respect to any matter relating to Taxes of the Target Corporation which is currently in force. The Target Corporation has not executed or filed with the Internal Revenue Service or any other governmental authority any agreement which is still in effect waiving limitations on, or extending, the period for assessment or collection of any Taxes.

4.25 No Sale. The Target Corporation has not entered into any contract to sell, mortgage, pledge or encumber, directly or indirectly, any of its Assets (other than sales of Inventories in the ordinary course of business, consistent with past practice, and with respect to Liens disclosed in Schedule 4.7).

4.26 Investment Company Act. The Target Corporation is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

4.27 Purchase Commitments. No purchase commitment of or by which the Target Corporation is bound which is not terminable on thirty (30) days notice or less is in excess of the normal, ordinary and usual requirements of the Business conducted by the Target Corporation or at an excessive price. The Target Corporation has delivered to Purchaser a true and complete list of the Target Corporation's purchase commitments through the date of this Agreement.

4.28 Certain Reports. The Target Corporation has filed all reports, applications, documents, instruments and information required to be filed by it pursuant to applicable rules and regulations or requests of every regulatory body or other governmental authority having jurisdiction over the Target Corporation, the Business conducted by it or the use of the Assets owned or used by it.

4.29 Certain Payments to Shareholders. Schedule 4.29 sets forth all amounts and benefits which have been paid or provided to any Juicy Lucy's Shareholder (or Affiliate or spouse or relative thereof) by the Corporation (whether as dividend, distribution, loan, loan repayment, salary, bonus or other payment or benefit) since December 28, 1996. No stockholder of the Corporation has received during, or in respect of, any period subsequent to December 28, 1996, any dividends or distributions or extraordinary payments whatever except for salary and bonuses at the respective compensation rates set forth in Schedule 4.15.

4.30 Bank and Securities Accounts. Schedule 4.30 contains a true and complete list of the names and addresses of (a) all bank, investment and securities accounts of the Target Corporation, together with the names of all Persons authorized to draw thereon or withdraw therefrom, and (b) all Persons to whom powers of attorney have been granted by the Target Corporation. The cash and securities held in such accounts are not subject to restrictions or limitations as to withdrawals, margin balances or compensating balances. Schedule 4.30 also includes all accounts, deposits or safe deposit boxes and the names of all Persons authorized to draw on such accounts or deposits or to have access to such safe deposit boxes. The books of account of the Target Corporation show all checks and drafts outstanding, and there are sufficient funds in the bank accounts listed on Schedule 4.30 to pay any and all checks or drafts presented, or outstanding, but not yet presented on said accounts.

4.31 Charter Documents. The Target Corporation has heretofore delivered to Purchaser true and complete copies of the Articles of Incorporation (certified by the Secretary of State of the State of Florida) and Bylaws of the Target Corporation as in effect on the date hereof. The corporate minute, stock and transfer books of the Target Corporation (or copies thereof) have been made available to Purchaser for its inspection and are true and complete.

4.32 Capitalization. The authorized capital stock of the Target Corporation and the number of issued and outstanding shares of capital stock of the Target Corporation, and the name of each stockholder thereof (as it appears on its, his or her stock certificate for such shares) as of the date hereof, together with the number of such shares owned by such stockholder on the date hereof, and the number of shares that will be owned by such stockholder on the Closing Date, are and will be (as applicable) as set forth

in Schedule 4.32, which is true, correct and complete in all material respects, subject to amendment on or before the Closing Date with respect only to transfers of the Target Corporation capital stock by bona fide gift, will or the laws of descent and distribution to the stockholder's spouse, children or grandchildren, a trust for the benefit of such stockholder or such stockholder's spouse, children or grandchildren, provided, however, that no such transfers will be permitted if they are to a party residing in another state or to any other party or parties if such transfer would adversely affect FMI's ability to conduct an exempt distribution of the Franchise Management Shares in the Merger under Federal and state securities laws, in the sole discretion of FMI's counsel. The Target Corporation is authorized to issue one class of capital stock, which is common stock, and is not authorized to issue, and has not issued, any other security of any kind. All outstanding shares of capital stock of the Target Corporation are (and will be at the Effective Time) duly authorized and validly issued, are and will be fully paid and nonassessable and were not and will not be issued in violation of any preemptive right, right of first refusal or any other contractual or legal restriction of any kind to which the Target Corporation is a party. Except as set forth in Schedule 4.32, there are no outstanding or authorized (a) securities of the Target Corporation convertible into or exchangeable for shares of capital stock or voting securities of the Target Corporation or (b) options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, calls, preemptive rights, rights of first refusal or other contractual rights or commitments that would require or obligate the Target Corporation to issue any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Target Corporation. Except as set forth in Schedule 4.32, there are no outstanding obligations of the Target Corporation to repurchase, redeem or otherwise acquire any securities of the Target Corporation, and there are no outstanding or authorized stock appreciation, phantom stock, profit participation or similar rights with respect to the Target Corporation.

4.33 Officers and Directors. The officers and directors of the Target Corporation on the date hereof are as set forth in Schedule 4.33.

4.34 Dividends. All dividends and distributions paid by the Target Corporation have been legally and properly declared and paid in all respects, and no dividends or distributions have been made since December 28, 1996.

4.35 Continuity of Business Enterprise. The Target Corporation operates at least one significant historic business line, or owns at least a significant portion of its historic business assets, in each case within the meaning of Treasury Regulation Section 1.368-1(d) promulgated under the Internal Revenue Code.

5. Representations and Warranties of Purchaser and Merger Subsidiary. Each of Purchaser and Merger Subsidiary represents and warrants to the Target Corporation and the Juicy Lucy's Shareholders, which representations and warranties shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, as follows:

5.1 Organization. Purchaser and AEF are each corporations duly organized, validly existing and in good standing under the laws of the State of Delaware. Merger Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida.

5.2 Authority. Each has full corporate power and authority to execute and deliver this Agreement and the other agreements and instruments to be executed and delivered by it pursuant hereto and to consummate the transactions contemplated hereby and thereby. All proceedings required to be taken by or on the part of each to authorize such execution, delivery and consummation have been or will be duly and properly taken prior to the Closing Date. This Agreement has been duly executed and delivered by each and (assuming due authorization, execution and delivery by the Target Corporation and the Juicy Lucy's Shareholders) this Agreement constitutes, and such other agreements and instruments when duly executed and delivered will constitute, legal, valid and binding obligations of each enforceable against Purchaser and Merger Subsidiary in accordance with their respective terms. The execution and delivery by each of this Agreement and such other agreements and instruments and the consummation by each of the transactions contemplated hereby and thereby will not violate any law, or conflict with, result in any breach of, constitute a default (or an event which with notice or lapse of time or both would become a default) under, or result in the creation of a lien or encumbrance on any of the properties or assets of Purchaser or Merger Subsidiary pursuant to, the Certificate of Articles of Incorporation or Bylaws of either of them or any indenture, mortgage, lease, agreement or other instrument to which either of them is a party or by which either of them or any of their respective properties or assets is or are bound. Other than the Juicy Lucy's Articles of Merger and the Florida Franchise Tax Clearance, no approval, authorization, consent or other order or action of or filing with any court, administrative agency or other governmental authority in the United States of America is required for the execution and delivery by Purchaser or the Merger Subsidiary of this Agreement and such other agreements and instruments or the consummation by any of them of the transactions contemplated hereby or thereby.

5.3 Litigation. Except as set forth on Schedule 5.3, there is no claim, legal action, counterclaim, suit, arbitration, governmental investigation or other legal, administrative or tax proceeding, or any order, decree, judgment, settlement agreement or order, in effect, in progress or pending, or to the best of Purchaser's, Merger Subsidiary's or AEF's knowledge, threatened, against or relating to any of them, nor does any of them know or have reason to be aware of any basis for the same, which would individually or in the aggregate have a material adverse effect on the transactions contemplated by this Agreement, or the business, assets and properties of Purchaser, Merger Subsidiary or AEF. There is outstanding no order, writ, injunction, judgment or decree of any court, governmental agency or arbitration tribunal or any settlement agreement or arrangement which would individually or in the aggregate have a material adverse effect on the transactions contemplated by this Agreement, or the business, assets and properties of Purchaser, Merger Subsidiary or AEF.

5.4 Truthfulness. No statement, representation or warranty of Purchaser, Merger Subsidiary or AEF in this Agreement or in any agreement, written document or certificate delivered by or on behalf of any of them pursuant to this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements contained herein or therein not misleading.

5.5 Capital Structure. The authorized capital stock of Purchaser consists of twenty million (20,000,000) shares of common stock, \$.001 par value, of which approximately 4,000,000 shares are issued and outstanding as of the date of this Agreement. All of the outstanding shares of Purchaser's common stock are duly authorized, validly issued, fully paid and nonassessable. The Franchise Management Shares to be issued to the Juicy Lucy's Shareholders pursuant to this Agreement, when issued and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and nonassessable. The authorized capital stock of Merger Subsidiary consists of 1,000,000 shares of common stock, having no par value, of which 1,000 shares are issued and outstanding as of the date of this Agreement. The issued and outstanding shares of Merger Subsidiary are owned by Purchaser and are duly authorized, validly issued, fully paid and nonassessable shares of capital stock of such Merger Subsidiary. Merger Subsidiary was organized by Purchaser on November 17, 1997, and has not as of the date hereof engaged or participated in any business activities other than as contemplated by this Agreement.

5.6 Material Changes. Since the dates of their formation, there has not occurred or arisen, other than as disclosed in this Agreement, (i) any material adverse change in the assets or liabilities or in the condition, financial or otherwise, or business, properties, earnings, net worth or prospects of Purchaser and its subsidiaries viewed as a whole, or (ii) any damage or destruction in the nature of a casualty or loss, whether covered by insurance or not, materially and adversely affecting any property or business of Purchaser and its subsidiaries viewed as a whole.

5.7 No Undisclosed Liabilities. Purchaser does not have any material liabilities, fixed or contingent.

5.8 No Default. Purchaser is not in default in any material respect under any material agreement, lease or other document to which it is a party, or received written notice of or is, to the knowledge of any executive officer of Purchaser, immaterial violation of any law or order, writ, injunction or decree of any court or Federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality (including, without limitation, applicable environmental protection laws and regulations, equal employment and civil rights laws and occupational health and safety laws) the effects of which, individually or in the aggregate, would have a material adverse effect on the financial condition, results of operations or business of Purchaser and its subsidiaries viewed as a whole.

5.9 Board and Shareholder Action. The respective Boards of Directors and Shareholders of Purchaser and Merger Subsidiary, at duly held meetings, or by written consent in lieu thereof, by requisite vote, determined that the Merger is in the best interests of Purchaser and Merger Subsidiary and their respective stockholders, approved this Agreement.

5.10 Compliance with Laws Generally. To the knowledge of its executive officers, Purchaser is in compliance in all material respects with all statutes, rules and regulations applicable to it, its properties or its business operations, except where the failure so to comply would not, as to individual failures or all failures in the aggregate, have a material adverse effect on the financial condition, results of operations or business of Purchaser. Without limiting the generality of the foregoing, to the knowledge of its executive officers, except where the failure so to comply would not, as to individual failures or all failures in the aggregate, have a material adverse effect on the financial condition, results of operations or business of Purchaser. To the knowledge of its executive officers, Purchaser maintains all licenses, permits and governmental authorizations necessary or appropriate for the ownership of its properties and the conduct of its business the failure of which to maintain which would have a material adverse effect upon the assets or business of Purchaser and its subsidiaries viewed as a whole.

5.11 Capitalization of AEF: Proposed Merger. The authorized capital stock of AEF currently consists of thirty million (30,000,000) shares of common stock, \$.001 par value, of which 4,115,605 shares are issued and outstanding as of the date of this Agreement and an additional 375,000 shares are reserved for issuance upon the exercise of outstanding options and/or warrants. All of the outstanding shares of AEF's common stock are duly authorized, validly issued, fully paid and nonassessable. Following the proposed merger of Purchaser and AEF and the sale of equity securities contemplated by Section 8.7 of this Agreement, AEF will have no more than 10,115,605 shares of AEF Common issued and outstanding. In the event the proposed merger with AEF is completed, AEF as the survivor in the merger will succeed to the rights and obligations of Purchaser hereunder and will issue 1,000,000 shares of AEF Common to the Juicy Lucy's Shareholders.

6. Further Covenants and Agreements.

6.1 Conduct of Business. Without limiting in any way any rights of Purchaser or Merger Subsidiary under Section 7, during the period from the date of this Agreement to the Closing Date, or until this Agreement has been cancelled in accordance with its terms, except as (A) otherwise consented to by Purchaser in writing, (B) otherwise expressly permitted or contemplated under this Agreement, or (C) otherwise required by law, the Target Corporation and the Key Employee will:

6.1.1 carry on, and cause the Target Corporation to carry on its Business in, and only in, the usual, regular and ordinary course in the same manner as heretofore conducted and, to the extent consistent with such Business, use best efforts to preserve intact its present business organization and relationships with customers, vendors, suppliers, Employees and others having business relations with the Target Corporation;

6.1.2 not, and ensure that the Target Corporation does not, terminate or replace, or amend or modify in any material respect, any of the Material Contracts, or waive any material obligation or right of any party under any such Material Contract;

6.1.3 not, and ensure that the Target Corporation does not, incur or increase any Indebtedness or Liabilities other than in the ordinary course of business consistent with past practice, or issue or sell any debt or equity securities, or pay any distribution or dividend to any stockholder of the Target Corporation;

6.1.4 not, and ensure that the Target Corporation does not, make any loan to any director, shareholder or Employee of the Target Corporation or grant to any Employee of the Target Corporation any unusual or non-routine increase in compensation, bonus, or any severance or termination pay, or enter into any new, or modify or amend any existing employment agreement with any Employee, or fire the Key Employee;

6.1.5 not, and ensure that the Target Corporation does not, adopt or amend in any material respect, any collective bargaining, bonus, profit sharing, compensation, stock option, pension, retirement, deferred compensation, or similar plan for the benefit of Employees of the Target Corporation;

6.1.6 not, and ensure that the Target Corporation does not, fail to take any action required for the ordinary and usual operation of the Business;

6.1.7 not, and ensure that the Target Corporation does not, make any material change with respect to accounting policies or procedures;

6.1.8 not, and ensure that the Target Corporation does not, make any tax election of any kind;

6.1.9 not, and ensure that the Target Corporation does not, sell, assign, pledge, dispose of or encumber any of the Assets other than sales of Inventories to customers of the Target Corporation in the ordinary course of business consistent with past practice;

6.1.10 not, and ensure that the Target Corporation does not, pay, discharge or satisfy any claims, Liabilities, Indebtedness or obligations, other than the payment, discharge or satisfaction thereof when due and payable in the ordinary course of business consistent with past practice, and does not make any capital expenditures in excess of \$10,000 in the aggregate (for the Target Corporation);

6.1.11 comply, and ensure that the Target Corporation complies, in all material respects, with its material obligations under the Material Contracts;

6.1.12 after written notification to, and consultation with, Purchaser, defend, initiate or proceed with, and cause the Target Corporation to defend, initiate or proceed with, as the case may be, any matter before any governmental, regulatory or administrative authority that is necessary to protect the Business or the Assets or any material part thereof;

6.1.13 cause the Target Corporation to (i) maintain the Assets in the same repair, order and condition as existed on September 30, 1997, (ii) maintain insurance for the Assets comparable in all material respects to that in effect on the date hereof, and (iii) in the event of casualty, loss or damage to any of the Assets prior to the Closing Date for which the Target Corporation is insured, either repair or replace such damaged assets with assets of industry grade quality and usefulness or, at the option of Purchaser, retain in the Target Corporation's bank account the proceeds of such insurance;

6.1.14 comply, and cause the Target Corporation to comply, with all legal and regulatory requirements applicable to the Target Corporation, the Business or the Assets, except where the failure to comply would not, individually or in the aggregate with other failures, have a material adverse effect on the condition (financial or otherwise) of the Target Corporation, the Business or the Assets;

6.1.15 not, and ensure that the Target Corporation does not, enter into any Material Contract or become obligated to enter into any Material Contract;

6.1.16 maintain, and cause the Target Corporation to maintain, its Records in the usual, regular and ordinary manner, and on a basis consistent with the Historical Financial Statements;

6.1.17 obtain and maintain, and cause the Target Corporation to obtain and maintain, all consents, authorizations and approvals from all appropriate federal, state and local governmental agencies or authorities which are necessary or required for the operation of the Business as presently or then conducted by it, as and when such consents, authorizations and approvals are necessary or required;

6.1.18 comply, and cause the Target Corporation to comply, with all applicable laws, rules, ordinances, regulations, codes, orders, decrees, licenses and permits of all applicable jurisdictions and governmental authorities or agencies relating to it, its properties, the Assets or the conduct of the Business, except where the failure to comply would not, individually or in the aggregate with other failures, have a material adverse effect on the condition (financial or otherwise) of the Target Corporation, the Business or the Assets;

6.1.19 use best efforts to cause the transactions contemplated by this Agreement to be consummated in accordance with the terms hereof and use best efforts to refrain from taking any action which would result in any of the conditions to

Purchaser's or Merger Subsidiary's obligation to consummate the transactions contemplated by this Agreement being unsatisfied in accordance with the terms hereof;

6.1.20 collect, and cause the Target Corporation to collect, the Receivables in the ordinary course of business consistent with past practice, except to the extent it is in the best interests of the Target Corporation to accelerate or compromise (as the case may be) a Receivable;

6.1.21 pay, and cause the Target Corporation to pay, its trade accounts payable in the ordinary course of business consistent with past practice and not default under, or breach any term or provision of, or fail in any material respect to perform, or suffer or permit to exist any condition or event which, after notice or lapse of time, or both, would constitute a default under any Contract or any License, consent or insurance policy;

6.1.22 if the Target Corporation receives or becomes aware of any finding, order, complaint, citation or notice prior to Closing which states that any aspect of the Business or its operations or the condition of any of the Assets violates any law, rule, regulation or code of any governmental authority (each, an "Administrative Violation"), promptly notify Purchaser of the Administrative Violation, and remove or correct the Administrative Violation;

6.1.23 not directly or indirectly solicit or engage in discussions or negotiations with, or provide any information to or otherwise cooperate with, any other Person or entity which seeks to, or expresses an interest in, acquiring all or any substantial part of the Assets or the Business (either directly or by purchase of capital stock of the Target Corporation or merger), or directly or indirectly enter into any agreement with or grant any option to any third person or entity in connection with any transaction affecting the Juicy Lucy's Shares, the Assets, the Business or which is inconsistent with this Agreement;

6.1.24 not, and ensure that the Target Corporation does not, amend in any respect or for any reason the Articles of Incorporation or Bylaws of the Target Corporation or elect or appoint any new or additional director or officer of the Target Corporation or take any other action with respect to the capital stock, corporate structure or management or organic documents of the Target Corporation; and

6.1.25 pay, and cause to be paid, all Taxes payable by the Target Corporation when due and payable.

The Target Corporation will promptly notify Purchaser of any material adverse change in the financial condition, results of operations, properties, Assets, or prospects of the Business. From the date hereof to the Closing, neither the Target Corporation, nor any Juicy Lucy's Shareholder, will take any action or engage in any transaction which would render any representation and warranty of the Target Corporation inaccurate in any material respect as of the date hereof or as of the Closing Date or as of any date between the date hereof and the Closing Date.

6.2 Third Party Consents.

6.2.1 The Target Corporation will use reasonable commercial efforts to obtain at the earliest practicable date and in any event before the Closing all consents, governmental authorizations, approvals, estoppel certificates and filings required to be obtained or made by either or which may be necessary for the consummation of the transactions contemplated by this Agreement to occur without causing impairment to, or loss of, any Contract or License, or which are reasonably required by Purchaser or its counsel in writing.

6.2.2 On or prior to the Closing Date, the Target Corporation shall will use reasonable commercial efforts to obtain all such waivers and consents under any Contract to which the Target Corporation is a party as are necessary to prevent a breach or violation of, or acceleration of, or default under, any such Contract as a result of the consummation of the transactions contemplated by this Agreement.

6.3 Access; Information. From the date hereof to and including the Closing Date or, if Closing does not occur, termination of this Agreement, the Target Corporation shall (a) afford to the officers, employees, attorneys, accountants and other authorized representatives of Purchaser reasonable access, during normal business hours, to the offices, plants, properties, books and records of the Target Corporation in order that Purchaser may have full opportunity to make such operational, legal, financial, accounting and other reviews or investigations of the Business and the Assets as Purchaser shall desire to make, (b) permit, and cause the Target Corporation's certified public accountant to permit, Purchaser's independent public accountants to inspect its work papers and other records relating to the Business and the Assets, and (c) furnish, and cause the officers and Employees of the Target Corporation to furnish, to Purchaser and its authorized representatives such additional financial and operating data and other information regarding the Target Corporation's assets, properties, contracts, goodwill and business including, without limitation, the Assets and the Business, as Purchaser shall from time to time reasonably request including, without limitation, all interim financial and operating reports relating to the Business prepared by or for officers of the Target Corporation.

6.4 Audited Financial Statements. The Target Corporation has caused to be prepared and delivered to Purchaser the Audited Financial Statements prepared by independent certified public accountants (the "Audit Accountants"). Purchaser acknowledges receipt of the Audited Financial Statements. The Target Corporation confirms that it will cause the Audit Accountants to provide to Purchaser and its auditors, upon request, all schedules, accountant's work papers and notes, and a detailed explanation of all assumptions used in conducting any prior audits, examinations or reviews of the Target Corporation's books, records and financial statements.

6.5 Interim Financial Statements and Other Financial Reports. As soon as they are prepared, but in all events no later than the thirtieth day of the month following the end of the respective months to which they relate (or, if applicable, the thirtieth day following the end of the fiscal quarter to which they relate), the Target Corporation shall deliver the applicable Interim Financial Statements to Purchaser, which shall be complete and accurate in all material respects. In addition, no later than the business day preceding, and no earlier than the fifth business day preceding, the Closing Date, the Target Corporation shall deliver to Purchaser the following, each as of the then most recent practicable date (but in all events as of a date no earlier than the tenth day preceding the Closing Date), each of which shall be complete and accurate in all material respects: (a) a list of its Inventories; (b) a schedule of its accounts receivable showing aging on a 30, 60, 90 and over 90-day basis; (c) a schedule of its accounts payable showing thereon any accounts payable which are 30, 60, 90 or more than 90-days past due; and (d) a list of its purchase commitments.

6.6 Insurance Proceeds. If any Assets are destroyed or damaged or taken in condemnation, the insurance proceeds or condemnation award with respect thereto shall remain an Asset of the Business and the property of the Target Corporation, and such proceeds shall not be withdrawn by, or distributed to, any person.

6.7 Florida Franchise Tax Clearance. On or promptly following the execution and delivery of this Agreement, the appropriate parties shall cause to be executed and filed in the appropriate Florida governmental office all documents necessary to obtain the Florida Franchise Tax Clearance.

7. Conditions Precedent to Obligations of Purchaser and Merger Subsidiary. All obligations of Purchaser and Merger Subsidiary under this Agreement are subject to the satisfaction of the following conditions precedent on or before the Closing Date, any of which may be waived in whole or in part at the sole discretion of Purchaser:

7.1 Opinion of Counsel. Purchaser shall have received an opinion of Dorsey & Whitney, LLP, counsel to the Target Corporation addressed to Purchaser and Merger Subsidiary and dated the Closing Date, in form and content reasonably satisfactory to Purchaser and its counsel.

7.2 Performance by Corporation and Juicy Lucy's Shareholders. All of the terms, covenants, agreements and conditions of this Agreement to be complied with and performed by the Target Corporation and the Juicy Lucy's Shareholders on or before the Closing Date shall have been complied with and performed in all material respects.

7.3 Representations and Warranties. The representations and warranties made by the Target Corporation and the Juicy Lucy's Key Shareholders in this Agreement shall have been true and correct in all material respects at the date hereof and as of the Closing Date with the same force and effect as though all such representations and warranties had been again made as of the Closing Date.

7.4 No Actions or Proceedings. No action, suit, proceeding or investigation by or before any court, administrative agency or other governmental authority shall have been instituted or threatened to restrain, prohibit or invalidate the transactions contemplated by this Agreement or which may affect the right of Purchaser or the Merger Subsidiary directly or indirectly to own, operate or control, after Closing, the Target Corporation or the Business or any material portion thereof, or which could have any material adverse effect on the Target Corporation, the Business or the Assets or the value or prospects of any of them.

7.5 No Material Adverse Change. Since September 30, 1997: (a) there shall have occurred no material adverse change in (i) the Business or Assets, the condition of the Target Corporation (financial or otherwise), or the results of operations of the Target Corporation or the Business, whether or not arising from transactions in the ordinary course of business, or (ii) the Target Corporation's prospects or its industry segment generally; (b) neither the Assets nor the Business shall have been adversely affected in any material way by, or sustained any material loss, whether or not insured, as a result of any fire, flood, accident, explosion or other calamity or casualty or any strike, labor disturbance, riot, act of God or the public enemy; and (c) no condemnation proceedings affecting any of the real property owned, Leaseholds or Improvements shall have been commenced and the Target Corporation shall have not received notice of the proposed commencement of any such proceedings.

7.6 Officer's Certificate. Purchaser and Merger Subsidiary shall have received from the Target Corporation and the Key Employee, in form and substance reasonably satisfactory to Purchaser and its counsel, a certificate, dated the Closing Date, of the Target Corporation and the Key Employee, as to the satisfaction of the conditions set forth in Sections 7.2, 7.3, 7.4 and 7.5, and as to such other matters as are reasonably required by Purchaser or its counsel.

7.7 Satisfaction of Counsel. All corporate and other actions and proceedings of the Target Corporation in connection with the transactions contemplated hereby, all resolutions, documents and instruments incidental thereto, and all other related legal matters, shall be reasonably satisfactory in form and substance to Purchaser and its counsel, and Purchaser shall have received all such resolutions, documents and instruments, or copies thereof, certified if requested, as its counsel shall have reasonably requested.

7.8 Consents and Estoppels. All consents of third parties under any Contract or License, and all consents, orders, approvals and authorizations of, and registrations, qualifications and filings with, any regulatory or governmental authority, required in connection with the consummation of the transactions contemplated hereby (or of the kind referred to in Section 6.2), and all estoppel letters from landlords and lenders reasonably requested by Purchaser, shall have been obtained in form and content reasonably satisfactory to Purchaser.

7.9 Title Reports, Lien, Judgment and Other Searches. Purchaser shall have received true and complete copies of the results of searches of appropriate title records, UCC filings, tax liens, fixture filings, judgments and pending judicial proceedings in

each state and county in which the Target Corporation maintains (or has within the last five years maintained) an office as of an effective search date no earlier than 10 days prior to the Closing Date, showing that there is on file in such records no effective encumbrance, UCC financing statement or federal, state or local Tax Lien, or other Lien, or judgment naming the Target Corporation or any trade names used in the conduct of the Business, except as described in Schedule 4.7 or otherwise disclosed to Purchaser in writing prior to the date hereof.

7.10 Employment Agreement. The Key Employee shall have executed and delivered to the Surviving Corporation her Employment Agreement.

7.11 Merger Documents. Juicy Lucy's shall have executed and delivered to Merger Subsidiary, in suitable form for filing, the Juicy Lucy's Articles of Merger.

7.12 Florida Franchise Tax Clearance. The Florida Franchise Tax Clearance shall have been obtained.

7.13 Investment Letters. Each Juicy Lucy's Shareholder who does not exercise dissenters' rights shall have delivered to Purchaser an investment letter in form and substance acceptable to Purchaser and its counsel with respect to their acquisition of Franchise Management Shares hereunder.

8. Conditions Precedent to Obligations of Juicy Lucy's. All obligations of the Target Corporation under this Agreement are subject to the satisfaction of the following conditions precedent on or before the Closing Date, any of which may be waived in whole or in part at the sole discretion of the Target Corporation.

8.1 Opinion of Counsel. The Target Corporation and the Juicy Lucy's Shareholders shall have received an opinion of Bruck & Perry, counsel to Purchaser and Merger Subsidiary, addressed to the Target Corporation and dated the Closing Date, in form and content reasonably satisfactory to the Target Corporation, and its counsel.

8.2 Performance by Purchaser. All the terms, covenants, agreements and conditions of this Agreement to be complied with and performed by Purchaser or Merger Subsidiary on or before the Closing Date shall have been complied with and performed in all material respects.

8.3 Representations and Warranties. The representations and warranties made by Purchaser and Merger Subsidiary in this Agreement shall have been true and correct in all material respects at the date hereof and as of the Closing Date with the same force and effect as though all such representations and warranties had been again made as of the Closing Date.

8.4 No Actions or Proceedings. No action, suit, proceeding or investigation by or before any court, administrative agency or other governmental authority shall have been instituted or threatened to restrain, prohibit or invalidate the transactions contemplated by this Agreement or which may affect the right of Purchaser or the Merger Subsidiary directly or indirectly to own, operate or control, after Closing, the Target Corporation or the Business or any material portion thereof, or which could have any material adverse effect on the Target Corporation, the Business or the Assets or the value or prospects of any of them.

8.5 Officer's Certificate. The Juicy Lucy's Shareholders shall have received from Purchaser and Merger Subsidiary, in form and substance reasonably satisfactory to the Key Employee and her counsel, a certificate, dated the Closing Date, of the President or any Vice President of each of Purchaser and Merger Subsidiary, certifying as to the satisfaction of the conditions set forth in Sections 8.2, 8.3 and 8.4 and as to such other matters as are reasonably required by such counsel.

8.6 Employment Agreement. The Surviving Corporation shall have executed and delivered to the Key Employee the Employment Agreement (provided, however, the inability or refusal of Surviving Corporation to deliver an Employment Agreement to the Key Employee as a result of the death or disability of such Key Employee or for any other reason relating to the Key Employee (as opposed to an inability or refusal caused by Purchaser, Merger Subsidiary or their Affiliates) shall not constitute an excuse to the Target Corporation's or Juicy Lucy's Shareholders' obligations to close under this Agreement, and, in such event, this Agreement shall close, at Purchaser's election, without such Key Employee or her successors receiving an Employment Agreement or the benefits thereof); and the Key Employee shall have received all of such incentive employment compensation required to be paid to her at Closing (or such payments shall have been adequately provided for).

8.7 Offering Proceeds. Purchaser shall have (a) raised at least \$750,000 in a private placement of equity securities or (b) have cash from the sale of equity securities together with cash of any entity with which Purchaser has merged of at least \$750,000.

8.8 Satisfaction of Counsel. All corporate and other actions and proceedings of Purchaser and Merger Subsidiary in connection with the transactions contemplated hereby, all resolutions, documents and instruments incidental thereto, and all other related legal matters, shall be reasonably satisfactory in form and substance to the Key Employee and her counsel, and such parties shall have received all such resolutions, documents and instruments, or copies thereof, certified if requested, as its counsel shall have reasonably requested.

8.9 Merger Documents. Merger Subsidiary shall have executed and delivered to Juicy Lucy's, in suitable form for filing, the Juicy Lucy's Articles of Merger.

8.10 Merger Consideration. The Merger Consideration shall have been paid or reasonably satisfactory provisions for its payment shall have been made.

8.11 Employment Agreement. Purchaser shall have executed and delivered the Employment Agreement to Key Employee.

8.12 Key Person Insurance Policy. Purchaser shall have obtained a key person life insurance policy or policies on the life of Anthony G. Foster in the face amount of \$2,250,000. In addition, Purchaser shall have agreed, in form and substance reasonably acceptable to Juicy Lucy's, (a) until the later of (i) the principal amount of the Notes has been paid in full, and (ii) the Key Employee and the Estate of Robert Massie have been released from all personal guaranties of mortgage indebtedness of Juicy Lucy's, to maintain in effect an insurance policy or policies sufficient to satisfy the foregoing obligations and (b) upon the death of Anthony G. Foster, to use the proceeds of such policy or policies to make payment in full of (i) the remaining obligations under any mortgage indebtedness which is personally guaranteed by the Key Employee or the Estate of Robert Massie, (ii) the payment of the remaining principal balance of the Notes, and (iii) the payment to the Key Employee of all amounts owing to her under the Employment Agreement.

8.13 Stock Transfer Restrictions. Anthony G. Foster shall have agreed, in form and substance reasonably acceptable to Juicy Lucy's, not to sell, transfer or otherwise dispose of the 4,950,000 shares of FMI common stock currently owned by him for a period of two (2) years after the Effective Time, and a legend noting such restriction shall have been affixed to the certificates evidencing such shares."

9. Miscellaneous.

9.1 Brokers. The Target Corporation represents and warrants to Purchaser and Merger Subsidiary, that except for J. H. Chapman Group, L.L.C., the Target Corporation has no Liability either express or implied, to any "broker", "finder", financial advisor, employee, or similar person in respect of any of the transactions contemplated hereby. Each of Purchaser and Merger Subsidiary represents and warrants to the Target Corporation, that neither they nor any party acting on their behalf has incurred any Liability, either express or implied, to any "broker", "finder", financial adviser, employee, or similar person in respect of any of the transactions contemplated hereby.

9.2 Expenses. Except as otherwise specifically provided in this Agreement, each party will pay its own expenses incident to this Agreement and the transactions contemplated hereby, including legal and accounting fees and disbursements except that the legal and accounting expenses incurred by the Target Corporation and the Key Employee shall be regarded as a liability of the Target Corporation for purposes of determining Net Working Capital.

9.3 Amendments and Waivers. The parties hereto may, by written agreement signed by the parties, modify any of the covenants or agreements or extend the time for the performance of any of the obligations contained in this Agreement or in any document delivered pursuant to this Agreement. Any party hereto may waive, by written instrument signed by such party, any inaccuracies in the representations and warranties of another party or compliance by another party with any of its obligations contained in this Agreement or in any document delivered pursuant to this Agreement. This Agreement may be amended only by written instrument signed by the parties hereto.

9.4 Transferability. The rights and obligations of Purchaser and Merger Subsidiary shall be assignable so long as Purchaser (or its successor in interest) remains responsible for payment of the Merger Consideration and Additional Consideration. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assignees. Nothing herein expressed or implied is intended to confer upon any Person (including, without limitation, any Employee), other than the parties hereto and their respective successors and permitted assignees, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

9.5 Termination. In the event that the Closing cannot be held because any of the conditions to the Closing cannot be fulfilled on or prior to May 9, 1998, or any extended date for the Closing agreed to by the parties hereto, none of the parties shall have any obligation or liability of any nature whatever to the other parties hereto, and all expenses incurred by any party hereto shall be for its own account, except as may otherwise be specifically provided in this Agreement; provided, however, that no party hereto shall be deemed to have waived any rights it may have arising from the breach or default of another party of any of the latter's representations, warranties, covenants or indemnities under this Agreement."

9.6 Notices. Any notice, request or other document to be given hereunder to a party hereto shall be in writing and delivered in person or sent by registered or certified mail, postage prepaid, return receipt requested, or by facsimile or telex, or an overnight air courier service, as follows:

If to Purchaser or Merger Subsidiary, addressed to it at:

Franchise Management International, Inc.
5029 NW 106 Way
Coral Springs, Florida 33076
Attention: Anthony G. Foster
Telecopier No.: (954) 753-5630

With a copy to: Teresa Torrey Fineman, Esq.
Bruck & Perry
500 Newport Center Drive, Suite 700
Newport Beach, California 92660
Telecopier No.: (714) 719-6020

If to the Target Corporation or to the Juicy Lucy's Shareholders (or any of them), addressed to it or them at:

Juicy Lucy's, Inc.
1938 Hill Avenue
Fort Myers, Florida 33901
Attention: Suzanne M. Grady
Telecopier No.: (941) 278-3078

With a copy to: Michael Trucano, Esq.
Dorsey & Whitney LLP
220 South Sixth Street
Minneapolis, Minnesota 55402
Telecopier No.: (612) 340-8827

All such notices, requests and other documents shall be deemed to have been duly given at the time delivered by hand, if personally delivered; three business days after being deposited in the mail, first class postage prepaid, return receipt requested, if mailed; when answered back, if telexed; when receipt confirmed, if sent by facsimile; and the next business day after timely delivery to the courier, if sent by an overnight air courier service guaranteeing next day delivery. Any party hereto may change its address for receiving notices, requests and other documents by giving written notice of such change to the other parties hereto.

9.7 Governing Law; Choice of Forum. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida (other than with respect to the statutory requirements of the State of Delaware as concerns matters relating to Purchaser and the Franchise Management Shares which, pursuant to applicable conflict of law rules, are to be governed by Delaware law). The parties to this Agreement (and each other agreement executed in connection herewith or pursuant hereto) consent to jurisdiction for any action, suit or proceeding relating to this Agreement and the Guaranty and Agreement (and any agreement executed in connection herewith or pursuant hereto) in the courts of the United States of America sitting in Broward County in the State of Florida, or, if such courts shall not have jurisdiction over the subject matter thereof, in the courts of either the State of Florida sitting in Broward County and each such party hereby irrevocably and unconditionally agrees to submit to the jurisdiction of such courts for purposes of any such action, suit or proceeding. Each party irrevocably waives any objection it may have to the venue of any action, suit or proceeding brought in such courts or to the convenience of the forum. Final judgment in any such action, suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment, a certified or true copy of which shall be conclusive evidence of the fact and the amount of any indebtedness or liability of any party therein described.

9.8 Partial Invalidity. In the event that any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, and is not reformed by such court, such holding shall not invalidate or render unenforceable any other provision hereof, except if such holding materially adversely affects a party's ability to realize the essential benefits of this Agreement.

9.9 Section Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

9.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, or by the execution and attachment of counterpart signature pages to one or more counterparts, but all of which together shall constitute one and the same instrument.

9.11 Entire Agreement. This Agreement, together with the Schedules and Exhibits and the agreements, certificates and instruments delivered pursuant hereto or thereto, contain the entire agreement among the parties hereto, and supersede all prior agreements and undertakings between or among the parties hereto relating to the subject matter hereof and thereof, including, without limitation, any letter of intent or proposal executed or delivered by or on behalf of any of the parties prior to the date hereof (except for any existing confidentiality restrictions and exclusivity agreements, including, without limitation, those set forth in paragraphs 6 and 11 of that certain letter of intent, dated August 29, 1997, among Purchaser, Juicy Lucy's and certain of the Juicy Lucy's Shareholders, which shall survive).

9.12 Public Announcements. Neither party shall make any public announcements concerning the transactions contemplated by this Agreement or the consummation thereof without first obtaining the prior written consent of the other as to the

content, form and timing of any such announcement (except that Purchaser may make such announcements, at such times, as Purchaser, in its sole discretion, deems necessary or appropriate to comply with applicable securities laws).

9.13 Survival. The representations, warranties, covenants and agreements contained in this Agreement, and in any agreements, certificates or other instruments delivered pursuant to this Agreement, shall survive the Closing and the Merger and the consummation of the transactions contemplated hereby, and shall remain in full force and effect, regardless of any investigation made by or on behalf of any party or of the actual or constructive knowledge by any party of any inaccuracy or breach thereof. Notwithstanding any of the foregoing to the contrary, any claim asserting a breach of any of the representations and warranties of the parties set forth in Sections 4 or 5, or of any of the covenants of the parties set forth in Section 6, must be asserted in writing to the breaching party no later than the end of the 12th full month following the Closing Date, failing which such claim shall be barred, except that such limitation shall not apply to (a) claims based upon any of the representations and warranties contained in Sections 4.1, 4.2, 4.11, 4.23, 4.25, 4.33, 4.35, 5.1, 5.2, 5.5 and 5.6, or (b) any criminal or fraudulent act or omission, or any wilful, intentional or knowing misrepresentation, breach of warranty or breach of covenant.

9.14 Disputes. In the event of a dispute hereunder or relating to the transactions contemplated hereby, including under or with respect to any of the agreements to be executed and delivered pursuant hereto, the prevailing party in such dispute shall be entitled to recover from the other party all of its costs and expenses incurred in connection with the enforcement of its rights hereunder, including reasonable attorneys' fees and costs incurred before and at trial or any other proceeding, at all tribunal levels, and whether or not suit or any other proceeding is brought.

9.15 Gender. With respect to the language of this Agreement, the use of the masculine gender shall include the feminine and neuter, and the use of the neuter shall include the masculine and/or feminine, in each case, as the context reasonably requires.

9.16 Indemnities.

9.16.1 Purchaser and Merger Subsidiary jointly and severally agree to indemnify and hold harmless the Target Corporation and the Juicy Lucy's Shareholders from, against and in respect of any and all Liabilities, losses, costs and expenses (including reasonable attorneys' fees and costs incurred before and at trial, at all tribunal levels, whether or not suit is instituted, and in establishing this right to indemnification) asserted against or suffered or incurred by the Target Corporation or any of the Juicy Lucy's Shareholders to the extent caused by or resulting from a breach by Purchaser or Merger Subsidiary of any of its representations, warranties, covenants or obligations herein contained.

9.16.2 The Juicy Lucy's Shareholders jointly and severally agree to indemnify and hold harmless the Purchaser and Merger Subsidiary from and against and in respect of any and all Liabilities, losses, costs and expenses (including reasonable attorneys' fees and costs incurred before and at trial, at all tribunal levels, whether or not suit is instituted, and in establishing this right to indemnification) asserted against, suffered or incurred by Purchaser or Merger Subsidiary to the extent caused by or resulting from (i) a breach by the Target Corporation or the Juicy Lucy's Shareholders of any of their representations, warranties, covenants or obligations herein contained; (ii) any tax liabilities of the Target Corporation accrued or incurred prior to the Closing; (iii) any liability or obligation arising in any way from any product manufactured or sold, or service rendered by the Target Corporation prior to the Closing; (iv) any claims made by employees or former employees of the Target Corporation pertaining to services rendered or actions of or conditions at the Target Corporation prior to the Closing; and (v) the additional fee of \$50,000 of J.H. Chapman Group, L.L.C. if required to be paid by the Surviving Corporation as a result of a "Share Appreciation" event as defined in Section 1 of this Agreement.

9.16.3 Purchaser and Merger Subsidiary may exercise their indemnification rights under this Section 9.16 against the Juicy Lucy's Shareholders, excepting any indemnification obligations relating to a breach of Sections 4.11 and 4.32, solely by offset against payments due the Juicy Lucy's Shareholders under the Promissory Notes in accordance with the following procedures:

9.16.3.1 In the event that any claim is asserted against the Surviving Corporation, Purchaser shall prepare a proposed statement of adjustment ("Statement of Adjustment") and deliver the Statement of Adjustment to Agent who shall have twenty (20) days to review and verify the Statement of Adjustment (the "Review Period"). If Agent does not object in writing to the Statement of Adjustment within the Review Period, then the Statement of Adjustment shall be final and binding on the Juicy Lucy's Shareholders and the Promissory Notes will be offset in accordance with the provisions of Section 9.16.3. If Agent does so object within the Review Period, then the parties shall meet as soon as practicable to attempt to resolve any such objection of Agent. If the parties agree in writing on a Statement of Adjustment, then the Promissory Notes will be offset pro rata from the payments first due on each of the Promissory Notes as provided in the Promissory Notes.

9.16.3.2 If the parties cannot agree on a Statement of Adjustment within twenty (20) days after the Review Period, then the claim shall be settled by arbitration in accordance with the rules of the American Arbitration Association then in effect. The decision of the arbitrator shall, except for mistakes of law, be final and binding upon the parties hereto, and judgment upon the award rendered by the arbitrator, which shall, in the case of damages, be limited to actual damages proven in the arbitration, may be entered in any court having jurisdiction thereof.

There shall be a single arbitrator who shall be an existing or former judge of a court of record within the United States or an attorney in good standing admitted to practice for a period of at least ten (10) years within the United States. No arbitration shall involve parties other than the parties hereto and their respective successors and assigns or be in any respect binding with respect to any such other parties. The situs of the arbitration will be in the County of Broward, State of Florida.

The parties to any arbitration arising hereunder shall have the right to take depositions and to obtain discovery regarding the subject matter of the arbitration and to use and exercise all of the same rights, remedies and procedures, and be subject to all of the same duties, liabilities, and obligations in the arbitration with respect to the subject matter thereof, as if the subject matter of the arbitration were pending in a civil action before a court of highest jurisdiction in the state where the arbitration is held. The arbitrator shall have the power to enforce said discovery by imposition of same terms, conditions, consequences, liabilities, sanctions and penalties as can be or maybe imposed in like circumstances in a civil action by a court of highest jurisdiction of the state in which the arbitration is held, except the power to order the arrest or imprisonment of a person.

9.16.3.3 In the event that any claim is asserted against the Surviving Corporation, or the Surviving Corporation is made a party defendant in any action or proceedings, and such claim, action or proceeding involves a matter which is the subject of indemnification under Section 9.16(b), then the Agent shall have the right to join in the defense of said claim, action or proceeding at the Agent's sole cost and expense. The Agent shall be entitled to receive reimbursement for any such costs and expenses by an offset against the Promissory Notes.

9.16.4 No offset to the Promissory Notes shall be effective unless (i) the Agent has failed to object in writing to the amount of the claim set forth in a Statement of Adjustment within the Review Period; (ii) the Purchaser and the Agent have agreed in writing to the amount of the claim set forth in a Statement of Adjustment; (iii) the amount of the claim has been determined by final, binding arbitration or (iv) the amount of the claim has been established by a court of competent jurisdiction in a final order (the "Approved Claim Amount").

9.16.5 The amount to be offset against the payments next due on the Promissory Notes shall be the Approved Claim Amount plus interest from the date of the Promissory Note at the rate of eight percent (8%) per annum until such offset has been taken against payments next due under the Promissory Note as they become due.

9.16.6 The respective rights of the parties to indemnification under this Agreement shall expire on, and shall be of no further force and effect after, the applicable time set forth in Section 9.13. No indemnification shall be claimed or made until the party claiming indemnification shall have incurred damages in the aggregate amount of Twenty-Five Thousand Dollars (\$25,000) and such indemnification shall only apply to the amount by which such claims exceed \$25,000. The foregoing limitations shall not apply to claims which result from any criminal or fraudulent act or omission or any willful, intentional or knowing misrepresentation, breach of warranty or breach of covenant.

9.17 No Waiver; Cumulative Remedies. No failure on the part of any party to exercise, and no delay in the exercise of, any right, power, privilege or remedy of such party hereunder, or under any other agreement or instrument executed in connection herewith or pursuant hereto, or pursuit of any particular right, power, privilege or remedy hereunder or thereunder at any particular time, singly or together with others, or any partial exercise thereof, shall operate as a waiver of, or preclude the exercise or availability of, any

right, power, privilege or remedy of such party under this Agreement or any such other agreement or instrument executed in connection herewith or pursuant hereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

"Purchaser"

FRANCHISE MANAGEMENT INTERNATIONAL, INC.,
a Delaware corporation

By: /s/ ANTHONY G. FOSTER
Anthony G. Foster, President

"Merger Subsidiary"

JUICY LUCY'S MERGER SUBSIDIARY, INC.,
a Florida corporation

By: /s/ ANTHONY G. FOSTER
Anthony G. Foster, President

"Target Corporation"

JUICY LUCY'S, INC., a Florida corporation

By: /s/ SUZANNE M. GRADY
Suzanne M. Grady, President

As to Section 4 and 7 of the Amendment:

/s/ SUZANNE M. GRADY
SUZANNE M. GRADY, individually