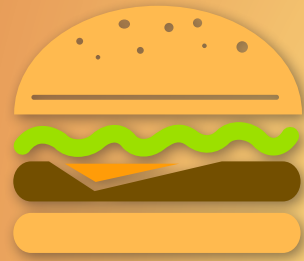


BUSINESS-FORMAT FRANCHISE

FRANCHISOR PROVIDES:

- Trademark
- Start-up assistance
- Initial and ongoing training
- Product research and development
- Marketing support
- Joint advertising
- Sometimes financial assistance
- Site location help



McDonald's
Five Guys
Burger King
(Franchisors)



Company-owned
store



FRANCHISEE PROVIDES:

- Initial franchise fee
- Capital to build/lease unit
- Ongoing royalty
- New ideas
- Contribution to advertising fund
- Joint advertising
- Highly motivated work force

The fundamental distinctions between tradename and business-format franchising are that the business-format franchisee operates his business under the franchisor's tradename and follows a standardized method of operation prescribed by the franchisor, as well as paying an initial franchise fee. Characteristics of the business-format relationship include long-term contracts (10-25 years), payment of royalties and franchise fees, and an ongoing, close relationship over the period of the contract.

Examples include: Fast-food restaurants, hotels, real estate brokers, maid services, pet shops, auto oil changes and many others.

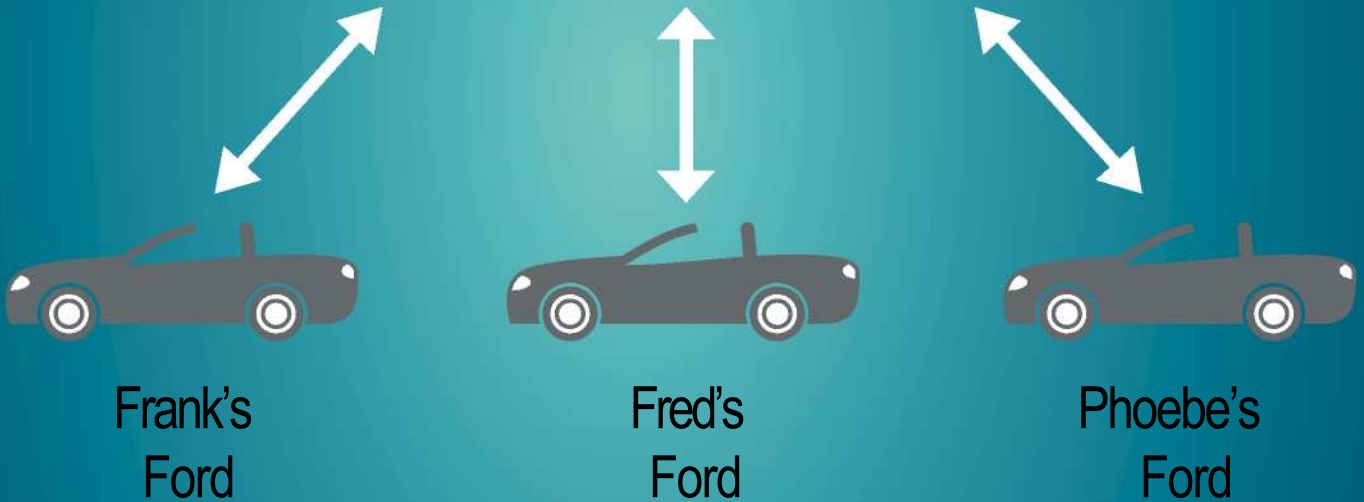
TRADE NAME LICENSE/PRODUCT DEALERSHIP

MANUFACTURER PROVIDES:

- Product
- Trade name (logo)
- Some services



Ford Motor
Company



DEALER PROVIDES:

- Sales outlet for goods
- Payment for product at wholesale price

The fundamental arrangement is for the use of an independently-owned sales outlet to distribute the manufacturer's products. The dealer adopts the franchisor's trade name or trademark as a part of its business identity. The manufacturer provides some limited services to the dealer.

Examples include: Gasoline service stations; auto dealers; beer and soft-drink distributors.