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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

▼ ▼ ▼

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):
Pudgie's Famous Chicken, LLC

☐ Individual(s) ☐ Association
☐ General Partnership ☐ Limited Partnership
☐ Corporation-State
☒ Other Limited Liability Company

Additional name(s) of conveying party(ies) attached? ☐ Yes ☐ No

2. Name and address of receiving party(ies)
Name: Arthur Treacher's, Inc.
Internal Address:
Street Address: 5 Dakota Drive, Ste 307
City: Lake Success State: NY Zip: 11042

☐ Individual(s) citizenship
☐ Association
☐ General Partnership
☐ Limited Partnership
☒ Corporation-State Delaware
☐ Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: ☐ Yes ☐ No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? ☐ Yes ☒ No

3. Nature of conveyance:
☐ Assignment ☐ Merger
☐ Security Agreement ☐ Change of Name
☒ Other Purchase Agreement
Execution Date: 10/02/00

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)
76/276325

B. Trademark Registration No.(s)
1,543,938

Additional number(s) attached ☐ Yes ☒ No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: David O. Klein, Esq
Internal Address: Klein, Zelman,
Rothermel & Dichter, LLP
Street Address: 485 Madison Ave, 15th fl.
City: New York State: NY Zip: 11374

6. Total number of applications and registrations involved: 2

7. Total fee (37 CFR 3.41)..... $ 65.00
☒ Enclosed
☐ Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

David Klein
Name of Person Signing

Signature

Date

Total number of pages including cover sheet, attachments, and document: 85

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

01/07/2002 TDIAZ1 00000064 76276325
01 FC:481 40.00 OP
02 FC:482 25.00 OP

PURCHASE AGREEMENT

AGREEMENT made as of the 2nd day of October, 2000, by and among Digital Creative Development Corporation, a corporation duly organized, validly existing and in good standing under and by virtue of the laws of the State of Utah, with executive offices at 7400 Baymeadows Way, Suite 300, Jacksonville, Florida 32255 ("DCDC"), Arthur Treacher's Inc., a corporation duly organized, validly existing and in good standing under and by virtue of the laws of the State of Delaware, with executive offices at 7400 Baymeadows Way, Suite 300, Jacksonville, Florida 32255 (hereinafter referred to as the "Buyer"), and Jeffrey Bernstein, with offices at 5 Dakota Drive, Ste 302, Lake Success, New York 11042 (hereinafter referred to as the "Seller").

INTRODUCTION

A. The Seller owns one hundred percent (100%) of the presently issued and outstanding shares of capital stock, or one hundred percent of the limited liability company membership interests for each of the corporations and limited liability companies listed on Exhibit A annexed hereto. (Such stock and membership interests are collectively referred to as the "Pudgie's Interests"). (The entities listed on Exhibit A are collectively referred to as the "Companies"and sometimes individually referred to herein as a Company or one of the "Companies").

B. The Seller is willing to sell the Pudgie's Interests to Buyer, and Buyer is willing to purchase the Pudgie's Interests from Seller, in exchange for the issuance to Seller of shares of Common Stock of Buyer equal to Twenty Percent (20%) of the Common Stock of Buyer issued

and outstanding on the Closing Date on a fully-diluted basis, subject to the terms and conditions of this Agreement.

C. DCDC owns one hundred percent of the presently issued and outstanding shares of capital stock of the Buyer, and subject to the terms and conditions of this Agreement, is willing to transfer and assign its assets and liabilities related to its restaurant operations to the Buyer, and to assure compliance by Buyer with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the sufficiency of which is hereby acknowledged, the parties hereto intending to be legally bound hereby do hereby agree as follows:

1. **Purchase of Stock and Consideration**.

(a) **Purchase and Sale of Stock**. In reliance on the representations and warranties, and subject to the terms and conditions hereinafter set forth, the Seller shall sell and deliver to Buyer, and the Buyer shall purchase and take delivery from Seller, on the Closing Date (as hereinafter defined), of all of the Pudgie's Interests, except as otherwise set forth in Section---.. Each certificate representing the stock or the membership interests in each of the Companies shall be duly endorsed for transfer or accompanied by an appropriate instrument of transfer duly executed, in each case.

(b) **Purchase Price**. In consideration for the sale of the Pudgie's Interests, Buyer shall transfer to Seller 8,318,942 shares of common stock of the Buyer representing Twenty Percent (20%) of the issued and outstanding capital stock of the Buyer on the Closing Date, at the time of the closing on a fully diluted basis after giving effect to the exercise of all then outstanding

options, warrants and rights to purchase shares of Common Stock (including all unvested options, warrants and rights) and the conversion of all securities convertible into shares of Common Stock.

2. **Representations and Warrants of the Companies and the Seller**. It is acknowledged and agreed that all representations and warranties made by any party to this Agreement are made to the best of such party's knowledge after reasonable investigation. The Companies and the Seller jointly and severally represent, warrant and agree as follows:

(a) **Corporate**.

(1) Each of the Companies that is a corporation is duly organized, validly existing and in good standing under and by virtue of the laws of the State set forth on Exhibit A with respect to such Company. Each of such Companies is qualified to do business as a foreign corporation in such other states in which the ownership of its assets or the nature and conduct of its businesses requires such qualification and which are set forth in Exhibit A.

Each of the Companies that is a limited liability company is duly organized, validly existing and in good standing under and by virtue of the laws of the state set forth on Exhibit A with respect to such Company. Each of such Companies is qualified to do business in such other states in which the ownership of its assets or the nature and conduct of its businesses requires such qualification and which are set forth in Exhibit A.

(2) The Companies have the power to own their respective properties and to carry on their respective businesses as and where such are now conducted. The Companies do not have any equity interest in any other corporation, partnership, joint venture or association, or control, directly or indirectly, of any other entity.

(3) Seller owns all of the issued and outstanding capital stock or membership interests (as the case may be) of each of the Companies and all of such shares and membership interests are validly issued, fully paid and nonassessable. The Pudgie's Interests are owned free and clear of all liens, charges, encumbrances, restrictive agreements and assessments and are not subject to any restrictions with respect to transferability. Upon transfer and delivery of the Pudgie's Interests to Buyer, Buyer will receive good and absolute title thereto, free from all liens, charges, encumbrances, equities, restrictive agreements and claims of any nature whatsoever.

(4) The number of shares of authorized capital stock of each of the Companies that is a corporation, the par values per share, of each such Company and the number of shares presently issued and outstanding are set forth on Exhibit A. Seller owns all of such shares free and clear of all liens, claims, charges, security interests and encumbrances ("Free and Clear Title"). No shares of such stock are held in treasury by any of the Companies. All such stock has been duly authorized and validly issued and is fully paid and nonassessable; with no liability on the part of the holders thereof. There are no preemptive rights on the part of any holder of any class of securities of any of such Companies and no options, warrants, conversion or other rights, agreements or commitments of any kind obligating any of the Companies, contingently or otherwise, to issue or sell any shares of its capital stock of any class or any securities convertible into or exchangeable for any such shares and no authorization therefor has been given.

The issued and outstanding membership interests in each Company that is a Limited Liability Company ("LLC") are as stated in Exhibit A. Seller owns all of such membership interests free and clear of all liens, claims, charges, security interests and encumbrances ("Free and Clear Title"). None of the LLC membership interests are held in treasury.

All such LLC membership interests have been duly authorized and validly issued and are fully paid and nonassessable; with no liability on the part of the holders thereof. There are no preemptive rights on the part of any holder of any class of securities of any of such Companies and no options, warrants, conversion or other rights, agreements or commitments of any kind obligating any of such Companies, contingently or otherwise, to issue or sell any membership interests and no authorization therefor has been given.

(5) Seller has previously delivered to Buyer copies of the Certificates of Incorporation and the Articles of Organization of each of the Companies, certified by the respective Secretaries of State of the respective states of incorporation as being a true and current copy of such documents, and the By-Laws and Operating Agreement, as the case may be, and lists of officers and directors of each of the Companies previously delivered by the Seller to Buyer, are true and correct copies of such documents.

(6) This Agreement has been duly executed and delivered by the Seller and constitutes the legal, valid and binding obligation of the Seller, enforceable in accordance with its terms, except as may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or laws affecting the rights and remedies of creditors generally, and (ii) the availability of the remedy of specific performance, injunctive relief or other equitable relief, whether applicable applied by a court of law or equity, including the exercise of judicial discretion in accordance with general principles of equity.

(b) **Financial**.

(1) The balance sheets of each of the Companies as of December 31, 1999 and December 31, 1998, the related statement of earnings for the twelve months ended December 31, 1999 and December 31, 1998, the balance sheets and the related statement of earnings as of August 31, 2000 prepared by the Companies (collectively, the "Financial Statements") are (i) with respect to each of the Companies for whom audited financial statements have been prepared, complete and correct and present fairly the financial condition of as of December 31, 1999, December 31, 1998 and August 31, 2000 and the results of its operations for the periods then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of preceding periods, and (ii) with respect to those Companies for whom audited financial statements have not been prepared (the "unaudited Companies"), are complete , correct and in conformity with generally accepted accounting principles applied on a basis consistent with that of preceding periods, and, when viewed in the aggregate, present fairly the financial condition of such unaudited Companies as of December 31, 1999, December 31, 1998 and August 31 30, 2000 and the results of the operations of such unaudited Companies for the periods then ended.

(2) Since August 31, 2000, except as specified in Schedule 2(b)(2), the business of the Companies has been carried on in the ordinary course in substantially the same manner as prior to that date, and the Companies have not, in the aggregate, :

(i) experienced any material adverse change in financial condition or in the operation of their respective businesses from that shown on the unaudited financial statements as of August 31, 2000 referred to in subsection (b)(1) of this Section 2;

(ii) incurred any damages, destruction or loss, whether covered by insurance or not, which materially and adversely affect the business, property or assets any of the Companies;

(iii) made any declaration, setting aside or payment of any dividend, or any distribution with respect to the Stock or Membership Interests or any direct or indirect redemption, purchase or other acquisition of any such Stock or Membership Interests;

(iv) made any increase in the compensation payable or to become payable to its directors, officers or employees other than in the ordinary course of business or pursuant to a prior agreement or understanding or as mandated by law with respect to minimum wages, or in the payment of any bonus, or in any insurance, pension or other benefit plan, payment or arrangement made to, for or with any of such officers, employees or agents; or

(v) encountered any other event or condition of any character, not in the ordinary course of business, materially and adversely affecting its results of operations or business or financial condition.

(3) On the Closing Date, the amount of cash and cash equivalents owned by the Companies is no less than ninety percent (90%) of the aggregate cash and cash equivalents as of August 31, 2000.

(c) **Undisclosed Liabilities**.

(1) The Companies have no material liabilities, individually or in the aggregate, of any nature, whether accrued, absolute, contingent or otherwise (including

without limitation any affirmative obligations under its Leases, liabilities to pay taxes and liabilities as guarantor or otherwise) not disclosed to the Buyer pursuant to this Agreement, except:

(i) to the extent reflected or reserved against in the financial statements referred to in subsection (b)(1) of this Section 2, and not heretofore paid or discharged;

(ii) to the extent specifically set forth in any of the Schedules annexed to this Agreement; and

(iii) those incurred in or as a result of the normal and ordinary course of business since August 31, 2000, all of which have been consistent with past practices and none of which are material and adverse.

(2) There is no basis for any claim against any of the Companies or any liability of any nature or in any amount not fully set forth in the financial statements referred to in subsection (b)(1) of this Section 2 or disclosed by this Agreement and the Schedules annexed to this Agreement.

(d) **Tax Returns**.

(1) Each of the Companies has filed with the appropriate governmental agencies all the tax returns required to be filed by it or with respect to its business, or has timely and properly filed an extension request with respect to such tax returns, and has paid, or made provision for the payment of, all taxes as well as penalties and interest related thereto, if any, which have or may become due pursuant to said returns, except taxes which have not yet accrued or otherwise become due or for which adequate provision has been made on the books of such Companies.

(2) None of such returns has been examined and settled, and no waivers of statutes of limitation have been given or requested.

(3) All such returns and reports have been prepared on the same basis as those of previous years, and all federal, state, city and foreign income, profits, franchise, sales, use, occupation, property, excise or other taxes due in connection with such Companies' business has been fully paid or accrued or adequately reserved for in the financial statements referred to in subsection (b)(1) of this Section 2.

(4) No deficiency or assessment with respect to or proposed adjustment of any of the Companies' Federal, state, county or local taxes are pending or threatened. Except as set forth on Schedule 2(d)(4), there are no tax liens, whether imposed by any Federal, state, county or local taxing authority, outstanding against the assets, properties or businesses of any of the Companies.

(e) **Title to Property; Leases**.

(1) A list of all real and personal property owned by each of the Companies is set forth on Schedule 2(e)(1) attached hereto (hereinafter referred to as the "Assets"). Each of the Companies owns all right, title and interest in and to all of its respective properties and assets, including intangibles, free and clear of all mortgages, liens, pledges, charges or encumbrances of any nature whatsoever, except as set forth in Schedule 2(e)(1); and has taken all steps necessary or otherwise required to perfect and protect its rights in and to their respective properties and assets, including intangibles.

(2) Except as set forth in Schedule 2(e)(2) : none of the Companies leases any real or personal property as lessee; each of the leases set forth in Schedule

2(e)(2) (the "Leases") are in good standing, valid, binding, and in full force and effect and have not been modified; the Companies are not in default under any of the Leases and none of the Companies has received any notice of its default under any of the leases and none of the Companies has given any notice of any and, there is no default by any other party under any of the Leases, nor has any event occurred which, with notice or the passage of time, or both, would constitute a default by any other party under any of the Leases; the Companies' rights in the property covered under the Leases (including any improvements and appurtenances thereto) are paramount to the rights of any other person or entity other than the landlords under the Leases; no consent or approval of any third party is required with respect to such Lease in order to avoid a default thereunder by reason of the transactions contemplated by this Agreement; none of the Companies has received any notices other than periodic rent bills from the landlord under each Lease.

(3) All currently used property and assets of the Companies, or property and assets in which any of the Companies has an ownership or leasehold interest, or which any of the Companies has in its possession, are in all material respects in good operating condition and repair and conform to all applicable laws, including without limitation building and zoning laws, statutes, ordinances or regulations and no notice of any violation of such matters relating to the business, property or assets of the Companies has been received. None of the premises owned or leased by any of the Companies are in need of maintenance or repairs except for reasonable wear and tear and ordinary routine maintenance and repairs that are not material in nature or cost.

(4) Neither the whole nor any portion of any of the Assets has been condemned or otherwise taken by a public authority, nor does the Seller know or have any reasonable grounds to believe that any such condemnation or taking is threatened or contemplated.

(f) **Inventories.** The inventories of the Companies existing on the date hereof consist of items of a quality and quantity usable or saleable in the normal course of their business. The present inventories of the Companies are maintained at levels that are consistent with past practices to this point of the fiscal year and are not excessive. Set forth in Schedule 2(f) is the actual usage of foodstuffs, beverages and supplies for the business for the eight (8) months ending August 31, 2000.

(g) **Contracts and Commitments.**

Except as set forth on attached Schedule 2(g):

(1) The Companies have no written or oral contracts or commitments involving a consideration in any particular agreement in excess of $10,000;

(2) The Companies have not received any written notice under any service warranties, whether express or implied, by the customers of any of the Companies.

(3) None of the Companies has given any revocable or irrevocable power of attorney to any person, firm or corporation for any purpose whatsoever.

(4) None of the Companies are restricted by agreement from carrying on its business in any of the states listed in Schedule 2(g).

(5) Set forth in Schedule 2(g) are all insurance policies and bonds in force with respect to the Companies and the date on which such policies were to be in force and the date on which such policies expire.

(6) Set forth in Schedule 2(g) are the names and locations of all banks in which the Companies have accounts and the names of persons authorized to sign checks, drafts or other instruments drawn thereon.

(7) Except as set forth on Schedule 2(g), no director, officer, employee or stockholder of any of the Companies, or member of the family of any such person, or any corporation, partnership, trust or other entity in which any such person, or any member of the family of any such person, has a substantial interest or is an officer, director, trustee, partner or holder of more than 5% of the outstanding capital stock thereof, is a competitor, customer, supplier or other entity, who, during the past 12 months has been a party to any transaction with any of the Companies, including any contract, agreement or other arrangement providing for the employment of, furnishing of services by, rental of real or personal property from or otherwise requiring payments to any such person or firm. For the purposes hereof, a spouse, lineal descendant, parent, brother or sister of any Seller shall be deemed to be a member of the family of such Seller.

(8) None of the Companies is in default, nor is there any known basis for any claim of default, under any contracts or commitments made or obligations owed by it. None of the Companies has any present expectation or intention of not fully performing all its obligations under each such lease, contract or other agreement, and none of the the Companies has any knowledge of any breach or anticipated breach by the other party to any contract or commitment to which any of the Companies is a party, except as otherwise disclosed on the Schedules annexed hereto. No consent or approval of any third party is required with respect any contract involving an annual aggregate consideration in excess of $10,000 in order to avoid a default thereunder by reason of the transactions contemplated by this Agreement, except as set forth on Schedule 2(g).

(9) All accounts receivable (billed and unbilled) of the Companies reflected in the balance sheets as of August 31, 2000, and such additional accounts receivable as are reflected on the books of the Companies on the date hereof, net of applicable reserves, are collectible

in the ordinary course after the Closing Date. Schedule 2(g)(9) is an aging Schedule with respect to such accounts receivable, as of August 31, 2000.

(h) **Disclosure**. No representation or warranty by any of the Companies or the Seller in this Agreement, nor any statement, certificate or Schedule furnished, or to be furnished, by or on behalf of the Companies or the Seller pursuant to this Agreement, nor any document or certificate delivered to Buyer pursuant to this Agreement, or in connection with actions contemplated hereby, contains or shall contain any untrue statement of a material fact, or omits, or shall omit to state a material fact necessary to make the statements contained therein not misleading.

(i) **Employee Relations**.

(1) The Seller has previously furnished to Buyer a true and complete payroll roster (Schedule 2(i)(1)) of all employees of the Companies for the first eight months of 2000 showing the rate of pay for each such person entitled to receive compensation from the Companies, and the gross payments made to each such person for the periods set forth above. No increases in such salaries, other than as set forth on Schedule 2(i), or the increase in federal minimum wage, have been given since August 31, 2000.

(2) (i) None of the Companies is a party to any collective bargaining agreement covering or relating to any of its employees. None of the Companies is required to recognize and none of the Companies have received a demand for recognition by any collective bargaining representative.

(ii) None of the Companies is a party to any contract with any of its employees, agents, consultants, officers, salesmen, sales representatives, distributors or

dealers that is not cancelable by such Company without penalty or premium on not more than thirty days' notice, except as set forth in Schedule 2(i)(2) attached hereto; and

(iii) None of the Companies has promulgated any policy or entered into any agreements relating to the payment of severance pay to employees whose employment is terminated or suspended, voluntarily or otherwise.

(3) The Companies have complied in all material respects with all applicable laws, rules or regulations relating to employment, including those relating to wages, hours, collective bargaining and the withholding and payment of taxes and contributions, and have complied in all material respects with the National Labor Relations Act, as amended, Title VII of the Civil Rights Act of 1964, as amended, the Occupational Safety and Health Act, Executive Order 11246, the regulations under such acts and all other Federal and state laws applicable to the Companies relating to the employment of labor, including any provisions thereof relating to discrimination or harassment. The Companies have, and will have at the Closing Date, withheld all amounts required by law or agreement to be withheld from the wages or salaries of its employees and there are no arrearages of wages, payments under any pension or insurance plan or any other benefit, or any tax or penalty for failure to comply with the foregoing owed by all of them with respect to employees which are not either accrued or adequately reserved for in the financial statements referred to in Subsection 2(b)(i) of this Agreement. The Companies have not received any written notice of any material controversies pending or threatened, between the Companies and any of its employees or any labor unions or other collective bargaining agents representing or purporting to represent its employees.

(j) **No Breach of Statute or Contract**. Except for an amendment to the Uniform Franchise Offering Circular as required by the New York State Franchise Sales Act and Federal Trade Commission Rules governing franchising, neither the execution and delivery of this Agreement, nor compliance with the terms and provisions of this Agreement on the part of any of the Companies or the Seller, will (i) violate any statute, license, or regulation of any governmental authority, domestic or foreign, or (ii) will result in the default by any of the Companies or Seller of any judgment, order, writ, decree, rule or regulation of any court or administrative agency, or (iii) will breach, conflict with, or result in a breach of any of the terms, conditions or provisions of any material agreement or instrument to which either the Companies or the Seller is a party, or by which any of them is or may be bound, or (iv) constitute a default thereunder, or (v) result in the creation or imposition of any claim, lien, charge or encumbrance of any nature whatsoever upon, or (vi) give to others any claim, interest or rights, including rights of termination or cancellation in, or with respect to, any of their property, assets, contracts, licenses or businesses. The conduct of the Companies' businesses does not violate any law or regulation applicable to such business. The Companies have complied with all laws, rules, regulations and orders applicable to its business, operations, properties, assets, products and services, and the Companies have all necessary permits, licenses and other authorizations required to conduct its business as conducted and as proposed to be conducted. There is no existing law, rule, regulation or order, and none of the Companies is aware of any proposed law, rule, regulation or order, whether Federal or state, which would prohibit or materially restrict any of the Companies from, or otherwise materially adversely affect the Companies in, conducting their respective businesses in any jurisdiction in which they are now conducting business.

(k) **Litigation**. There are no judicial or administrative actions, suits, proceedings or investigations pending, or threatened, which question the validity of or conflict with the terms of this Agreement or of any action taken or to be taken pursuant to or in connection with the provisions of this Agreement. Except as set forth in Schedule 2(k), none of the Companies have received any written notice of any suit, action or legal, administrative, arbitration or other proceeding or governmental investigation, or any change in the zoning or building ordinances affecting the real property or leasehold interests of the Companies, pending or threatened against the Companies. Schedule 2(k) indicates, with respect to each pending litigation, whether the underlying claims are covered by the Companies' insurance and the extent the deductible and the limits of insurance coverage with respect to each such claim. None of the Companies have received any opinion or memorandum or legal advice from legal counsel to the effect that it is exposed, from a legal standpoint, to any liability or disadvantage which may be material to its business, financial condition, operations, property or affairs. None of the Companies is in default with respect to any order, writ, injunction or decree known to or served upon the Companies of any court or of any Federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign. There is no action or suit by any of the Companies pending or threatened against others.

(l) **Patents and Trademarks**. Schedule 2(l) correctly sets forth a list of all letters patent, patent applications, inventions upon which patent applications have not yet been filed, trade names, trademarks, trademark registrations and applications, copyrights, copyright registrations and applications, both domestic and foreign, presently owned, possessed, used or held by the Companies and, except for licenses from the Buyer or unless otherwise indicated in such

Schedule, the Companies own the entire right, title and interest in and to the same. Such Schedule also correctly sets forth all patents, patent applications, inventions upon which patent applications have not yet been filed, trade names, trademarks, trademark registration and applications, and licenses, both domestic and foreign, which materially relate to the businesses of the Companies, and which are owned or controlled by any director, officer, stockholder or employee of any of the Companies. Such Schedule also correctly sets forth a list of all licenses granted to the Companies by others, and to others by the Companies. None of the Companies has received written notice of any pending or threatened challenges regarding any letters patent, patent applications, trade names, trademark registrations and applications, copyrights, copyright registrations and applications, and grants of licenses set forth in such Schedule except as set forth in said Schedule. None of the Companies have received notice that its business as heretofore conducted infringes upon the patents, trademarks, trade name rights, copyrights or publication rights of others,

(m) **Trademark Indemnification**. The Companies have no liability for, and have not given any indemnification for, patent, trademark or copyright infringement as to any equipment, materials or supplies manufactured, produced, used or sold by them or with respect to services rendered by them.

(n) **Insurance**. The Companies hold valid policies covering all of the insurance required to be maintained by it and such insurance includes those types of coverage and maximum limits of liability insurance which are customary for businesses similar to that of the Companies. All such policies shall continue in full force and effect through the Closing. There are currently no claims pending against the Companies under any insurance policies currently in effect

and covering the property, business or employees of the Companies, and all premiums with respect to the policies maintained by the Companies have been maintained to date.

(o) **Loans and Advances.** Except as set forth on Schedule 2(o), the Companies do not have any outstanding loans or advances to any person, entity or affiliate and are not obligated to make any such loans or advances, except, in each case, for advances to employees of the Companies in respect of reimbursable business expenses anticipated to be incurred by it in connection with performance of services for the Companies.

(p) **Significant Customers and Suppliers.** No supplier which was or is significant to the any of the Companies during the period covered by the Financial Statements or which has been significant to the Companies thereafter, has terminated, materially reduced or threatened to terminate or materially reduce its provision of products or services to any of the Companies.

(q) **Environmental Protection.**

Neither Seller nor any of the Companies has received any notice of any claim, proceeding or investigation under federal, state or local law relating to air, soil, subsurface and water pollution, soil monitoring and the storage, treatment, disposal, removal, remediation, release, discharge or emission or any Hazardous Material (as defined below) with respect to any of the Companies' businesses or the properties at which such businesses are located. To the best of Seller's and the Companies' knowledge, none of the Companies has ever owned, leased or operated or otherwise controlled any real property at which a claim or proceeding is presently pending or threatened, nor are they aware of the existence of any condition on any such property which would

give rise to any such claim or proceeding under federal, state or local law relating to air, soil, subsurface, water pollution, soil monitoring and the storage, treatment, disposal, removal, remediation, release, discharge or emission of any Hazardous Material. For the purposes of this Agreement, Hazardous Material shall mean any flammables, asbestos, explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including, without limitation, any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal, state, or local laws, rules, regulations or orders or which federal, state or local laws, rules, regulations or orders designate as potentially dangerous to public health and/or safety when present in the environment.

(r) **Employee Benefit Plans**.

(1) Schedule 2(r) attached hereto and made a part hereof sets forth a complete and correct list of all employee contracts, arrangements, deferred compensation plans, 401(k) plans and "employee welfare benefit" and "employee pension benefit" plans relating to the Companies. as such plans are defined in Sections 3(1) and 3(2), respectively, of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (collectively, the "Plans").The Companies have furnished to the Buyer true and correct copies of instruments evidencing all such contracts and arrangements and the Plans, all as amended to date.

(2) The Plans are and have been administered in compliance with their terms and with all filings, reporting, disclosure, and other requirements of ERISA and the Internal Revenue Code of 1986, as amended (the "Code"). Each Plan (together with its related funding instrument) which is an employee pension benefit plan is qualified under Section 401 of the Code and the regulations issued thereunder, and each such Plan and its related funding instrument have

been the subject of a favorable determination letter issued by the Internal Revenue Service holding that such Plan and funding instrument are so qualified. A copy of all determination letters, which have been issued by the Internal Revenue Service with respect to each Plan which is an employee pension benefit plan, has been provided to the Buyer by the Seller. No event or omission has occurred which would cause any Plan to lose its qualification or otherwise fail to satisfy the relevant requirements to provide tax-favored benefits under the applicable Code Section (including, without limitation, Code Sections 105, 125, 40 1(a) and 501(c)(9)).

(3) Other than routine claims for benefits made in the ordinary course of business, there are no pending claims, investigations or causes of action ("Claims") and to the best knowledge of Seller and the Companies, no such Claims are threatened against any Plan or fiduciary of any such Plan by any participant, beneficiary or governmental agency with respect to the qualification or administration of any such Plan and there is no basis to anticipate that any such claims will be made. Each Plan ever maintained by the Companies or an Affiliate has complied with the applicable notification and other applicable requirements of the Consolidated Omnibus Budget Reconciliation Act of 1985, Health Insurance Portability and Accountability Act of 1996, the Newborns and Mothers Health Protection Act of 1996, the Mental Health Parity Act of 1996, and the Women's Health and Cancer Rights Act of 1998.

(4) The Companies have provided to the Buyer a copy of the Companies' 401(k) Plan (the "Pension Plan"). The Companies have provided the Buyer with true and complete age, salary, service and related data for employees, former employees and beneficiaries thereof covered under the Pension Plan as of the Closing Date.

(5) The Companies have made all contributions required to be made to date in order to comply with Section 412 of the Code, which shall include a pro rata contribution of such requirement for the current plan year through the Closing Date and all amounts required to be contributed to the Pension Plan under the Companies's normal funding procedures for periods prior to the Closing Date have been properly recorded on the books of the Companies and will be properly paid by the Companies on or prior to the Closing Date. Any amounts required to be accrued as expense in accordance with applicable pension accounting requirements through the Closing Date have been properly recorded on the books of the Companies as of the Closing Date

(6) The Companies shall either contribute or accrue on their respective books the amount of any employer matching contributions or discretionary contributions (in an amount determined in accordance with the Companies's past practices) to any defined contribution plan maintained or sponsored by the Companies or in which the Companies have any obligation to contribute and which, in the ordinary course of business, would be contributed for or attributable to the period prior to the Closing Date.

(s) **Investment Representations.** Seller represents that (i) he is entering into this Agreement after having made adequate investigation of the business, finances and prospects of DCDC and Buyer; (ii) he has been furnished any information and materials relating to the business, finances and operation of DCDC and Buyer which he has requested; (iii) he has been given an opportunity to make any further inquiries desired of the management and any other personnel of DCDC and Buyer and has received satisfactory responses to such inquiries; and (iv) he is not acquiring the Common Stock of Buyer with a view to any distribution thereof in a

transaction that would violate the Act or the securities laws of any state of the United States or any other applicable jurisdiction. Seller acknowledges that the certificates for the shares of Common Stock of Buyer will bear the following legend:

> THE SECURITIES WHICH ARE REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS AND UNTIL REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY IS RECEIVED THAT REGISTRATION IS NOT REQUIRED UNDER THE ACT.

3. **Representations and Warranties of Buyer and DCDC**. It is acknowledged and agreed that all representations and warranties made by any party to this Agreement are made to the best of such party's knowledge after reasonable investigation. Buyer represents and warrants as follows:

(a) **Corporate**.

(1) Buyer is a corporation duly organized, validly existing and in good standing under and by virtue of the laws of the State of Delaware. As of the Closing Date, Buyer will be qualified to do business as a foreign corporation in each other state in which the ownership of its assets or the nature and conduct of its businesses requires such qualification. DCDC is a corporation duly organized, validly existing and in good standing under and by virtue of the laws of the State of Utah. DCDC is qualified to do business as a foreign corporation in each other state

in which the ownership of its assets or the nature and conduct of its businesses requires such qualification.

(2) Each of Buyer and DCDC has the power to own its properties and carry on its business as and where such are now conducted. Buyer does not have any equity interest in any other corporation, partnership, joint venture, or control, directly or indirectly of any other entity, except as set forth in Schedule 3(a)(2).

(b) **Authorization for Agreement**. The execution and delivery of, and performance by Buyer and DCDC of their respective obligations under this Agreement and the other documents contemplated or referenced under this Agreement, have been duly authorized by all necessary action of Buyer and DCDC. This Agreement has been, or will be at the Closing Date, duly executed and delivered by Buyer and DCDC and (assuming valid execution and delivery by the other party) will be at the Closing Date, the valid and binding obligation of them, enforceable in accordance with their terms, except as may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or laws affecting the rights and remedies of creditors generally, and (ii) the availability of the remedy of specific performance, injunctive relief or other equitable relief, whether applicable applied by a court of law or equity, including the exercise of judicial discretion in accordance with general principles of equity.

(c) **Disclosure**. No representation or warranty by the Buyer in this Agreement, nor any statement, certificate or Schedule furnished, or to be furnished, by or on behalf of the Buyer pursuant to this Agreement, nor any document or certificate delivered to Seller pursuant to this Agreement, or in connection with actions contemplated hereby, contains or shall

contain any untrue statement of a material fact, or omits, or shall omit to state a material fact necessary to make the statements contained therein not misleading.

(d) **Ability to Carry Out the Agreement, Etc.** Buyer is not subject to or bound by any provision of any certificate or articles of incorporation or by-laws, or to the best of Buyer's knowledge any mortgage, deed of trust, lease, note, bond, indenture, other instrument or agreement, license, permit, trust, custodianship, other restriction, or any applicable provision of any law, statute, rule, regulation, judgment, order, writ, injunction or decree of any court, governmental body, administrative agency or arbitrator which could prevent or be violated by or under which there would be a default as a result of, nor, except as expressly disclosed on the attached Schedule 3(d) is the consent of any person which has not been obtained required for the execution, delivery and performance by the Buyer under this Agreement, or any agreements, contemplated hereunder.

(e) **Relevant Capital Stock.** Buyer has taken all actions necessary to authorize and ratify the Capital Stock to be issued to Seller pursuant to this Agreement. The authorized capital stock of Buyer (the "Buyer Capital Stock") consists of 75,000,000 shares of common stock, par value $.0001 per share, of which 41,594,709 shares are presently outstanding and all of which are owned by DCDC, and 15,000,000 shares of preferred stock , par value $.001 per share, none of which are issued and outstanding. Except as set forth on Schedule 3(e) , no shares of the Buyer Capital Stock are held in its treasury. The Buyer Outstanding Capital Stock has been duly authorized and validly issued and is fully paid and nonassessable; with no liability on the part of the holders thereof. Except as set forth on Schedule 3(e), there are no preemptive rights on the part of any holder of any class of securities of Buyer. Schedule 3(e) sets forth all options, warrants, conversion or other rights, agreements or commitments of any kind obligating Buyer, contingently

or otherwise, to issue or sell any shares of its capital stock of any class or any securities convertible into or exchangeable for any such shares and no authorization therefor has been given, provided, however that in addition to the obligations set forth on Schedule 3(e), Buyer may satisfy certain outstanding indebtedness by the issuance of Common Stock in transactions to be completed on or prior to the Closing of the transactions contemplated hereby.

(f) **Financial Statements.** DCDC's Audited Consolidated Financial Statements as of June 30, 1998 and 1999 and the unaudited financial statements for the period ended March 26, 2000, and previously delivered to Seller, present fairly the financial condition of DCDC as of such dates, and the results of its operations for the period then ending, in conformity with generally accepted accounting principles applied on a basis consistent with that of preceding periods. Prior to the Closing Buyer shall deliver to Seller its unaudited balance sheet and related statement of earnings for the five months as of May 31, 2000, which statements shall present fairly the financial condition of Buyer as of such date, and the results of its operations for the period then ending, in conformity with generally accepted accounting principles.

(g) **Litigation.** There are no judicial or administrative actions, suits, proceedings or investigations pending, or threatened, which question the validity of or conflict with the terms of this Agreement or of any action taken or to be taken pursuant to or in connection with the provisions of this Agreement. Except as set forth in Schedule 3(g), neither DCDC nor Buyer has received any written notice of any suit, action or legal, administrative, arbitration or other proceeding or governmental investigation, or any change in the zoning or building ordinances affecting their real property or leasehold interests , pending or threatened against them. Schedule 3(g) indicates, with respect to each pending litigation, whether the underlying claims are covered by DCDC's insurance

and the extent the deductible and the limits of insurance coverage with respect to each such claim. Neither DCDC nor the Buyer have received any opinion or memorandum or legal advice from legal counsel to the effect that it is exposed, from a legal standpoint, to any liability or disadvantage which may be material to its business, financial condition, operations, property or affairs. Neither DCDC nor the Buyer is in default with respect to any order, writ, injunction or decree known to or served upon them of any court or of any Federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign. There is no action or suit by either DCDC or the Buyer pending or threatened against others.

(h) **SEC Filings.** DCDC's Common Stock is registered pursuant to Section 12 of the Securities Exchange Act of 1934, and has filed all the reports required to be filed under Section 13 of the Exchange Act for the preceding 12 months. All of such reports have been made available to Seller.

(i) **Patents and Trademarks**. Schedule 3(j) correctly sets forth a list of all letters patent, patent applications, inventions upon which patent applications have not yet been filed, trade names, trademarks, trademark registrations and applications, copyrights, copyright registrations and applications, both domestic and foreign, presently owned, possessed, used or held by DCDC and to be transferred to the Buyer in accordance with this Agreement and, except as otherwise indicated in such Schedule, DCDC owns the entire right, title and interest in and to the same. Such Schedule also correctly sets forth all patents, patent applications, inventions upon which patent applications have not yet been filed, trade names, trademarks, trademark registration and applications, and licenses, both domestic and foreign, which materially relate to the businesses of DCDC, and which are owned or controlled by any director, officer, stockholder or employee of any of DCDC Such

Schedule also correctly sets forth a list of all licenses granted to DCDC by others, and to others by DCDC. Neither DCDC nor the Buyer has received written notice of any pending or threatened challenges regarding any letters patent, patent applications, trade names, trademark registrations and applications, copyrights, copyright registrations and applications, and grants of licenses set forth in such Schedule except as set forth in said Schedule. Neither DCDC nor the Buyer have received notice that its business as heretofore conducted infringes upon the patents, trademarks, trade name rights, copyrights or publication rights of others,

(j) **Trademark Indemnification**. Neither DCDC nor the Buyer have any liability for, and have not given any indemnification for, patent, trademark or copyright infringement as to any equipment, materials or supplies manufactured, produced, used or sold by them or with respect to services rendered by them.

(k) **Environmental Protection.**

Neither DCDC nor Buyer has received any notice of any claim, proceeding or investigation under federal, state or local law relating to air, soil, subsurface and water pollution, soil monitoring and the storage, treatment, disposal, removal, remediation, release, discharge or emission or any Hazardous Material (as defined below) with respect to any of the Companies' businesses or the properties at which such businesses are located. To the best of DCDC's and Buyer's knowledge, neither DCDC nor Buyer has ever owned, leased or operated or otherwise controlled any real property at which a claim or proceeding is presently pending or threatened, nor are they aware of the existence of any condition on any such property which would give rise to any such claim or proceeding under federal, state or local law relating to air, soil, subsurface, water pollution, soil monitoring and the storage, treatment, disposal, removal,

remediation, release, discharge or emission of any Hazardous Material. For the purposes of this Agreement, Hazardous Material shall mean any flammables, asbestos, explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including, without limitation, any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal, state, or local laws, rules, regulations or orders or which federal, state or local laws, rules, regulations or orders designate as potentially dangerous to public health and/or safety when present in the environment.

(l) **Insurance**. DCDC holds , and after the transfer of assets described in Section 6 (e) (the "Asset Transfer"), Buyer shall hold valid policies covering all of the insurance required to be maintained by it. Such insurance includes (and shall include) those types of coverage and maximum limits of liability insurance which are customary for businesses similar to that of DCDC's restaurant business . All of such policies owned by DCDC shall continue in full force and effect through the effective date of the Asset Transfer. There are currently no claims pending against DCDC under any insurance policies currently in effect and covering its property, business or employees, and all premiums with respect to the policies maintained by DCDC have been maintained to date.

4. **Conduct of the Business of the Companies and DCDC's Restaurant Business Pending the Closing Date**. From and after the date of this Agreement and until the Closing Date:

(a) **Full Access**. Buyer and its authorized representatives shall have full access, during normal business hours, to all properties, books, records, contracts and documents of

the Companies, and the Companies shall furnish or cause to be furnished to Buyer and its authorized representatives all information with respect to the affairs and business of the Companies as Buyer may request.

Seller and his authorized representatives shall have full access, during normal business hours, to all properties, books, records, contracts and documents relating to DCDC's restaurant operations (the "Restaurant Business"), and DCDC shall furnish or cause to be furnished to Seller and his authorized representatives all information with respect to the affairs and business of the Restaurant Business as Seller may request.

(b) **Carry On In Regular Course**. The Companies shall carry on their businesses, and DCDC shall carry on the Restaurant Business, diligently and substantially in the same manner as heretofore, including, without limitation, maintenance of normal levels and quality of inventory, and neither the Companies nor DCDC (with respect to the Restaurant Business) shall make or institute any unusual or novel methods of trade, purchase, sale, lease, management, accounting or operation.

(c) **Contracts and Commitments**. Neither the Companies nor DCDC (with respect to the Restaurant Business) shall enter into any contract or commitment or engage in any transaction not in the usual and ordinary course of its business and consistent with past practices without the prior written consent of the Buyer (with respect to actions by the Companies) or Seller (with respect to actions involving the Restaurant Business).

(d) **Indebtedness**. Neither the Companies nor DCDC (with respect to the Restaurant Business) will create any indebtedness, other than that incurred in the usual and ordinary course of business, or incurred pursuant to existing contracts disclosed in the Schedules attached

hereto, or incurred pursuant to commitments permitted hereby, and that reasonably incurred in doing the acts and things contemplated by this Agreement.

(e) **Investments**. Neither the Companies nor DCDC (with respect to the Restaurant Business) will make any investments, loans, advances or contributions to any other person, corporation, partnership, joint venture or association; provided, however, that they may invest in United States government obligations, certificates of deposit and commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's.

(f) **Dividends and Distributions**. None of the Companies, DCDC or Buyer will declare or pay any dividend or make any distribution with respect to its Capital Stock or Membership Interests, or directly or indirectly redeem, purchase or otherwise acquired any of its Capital Stock, or Membership Interests, or issue or in any way dispose of any shares of its Capital Stock or Membership Interests or any rights therein or thereto.

(g) **Amendment of Charter**. None of the Companies, DCDC or Buyer will amend their Certificates of Incorporation, Articles of Organization, By-Laws or Operating Agreements or make any change in the authorized or unissued Capital Stock, or Membership Interests or its officers or directors without the prior written consent of Buyer (with respect to the Companies) or Seller (with respect to DCDC or Buyer).

(h) **Insurance**. All property, real and personal, owned or leased by the Companies will be insured by reputable insurance companies against all insurable risks normally insured against by companies conducting a business the same as, or similar to, the business conducted by the Companies, and all property shall be used, operated and maintained in a normal businesslike manner. All property, real and personal, owned or leased by DCDC with respect to the

Restaurant Business will be insured by reputable insurance companies against all insurable risks normally insured against by companies conducting a business the same as, or similar to, the Restaurant Business and all Restaurant Business property shall be used, operated and maintained in a normal businesslike manner.

(i) **Preservation of Organization and Employees**. The Companies and DCDC will use their best efforts (without making any commitments on behalf of Buyer) to preserve its business organization intact, to keep available to Buyer their key officers and employees, and to preserve for Buyer the present relationships of the Companies and DCDC with their respective suppliers and others having business relations with them. Neither the Companies nor DCDC will change their present relationships with their employees.

(j) **No Default**. Neither the Companies nor DCDC shall do any act or omit to do any act, or permit any act or omission to act, which will cause a breach of any contract, lease commitment or obligation by it.

(k) **Compliance with Laws**. The Companies and the Seller will duly comply with all applicable laws as may be required for the valid and effective transfer of the Pudgie's Interests as contemplated by this Agreement. Buyer and DCDC will duly comply with all applicable laws as may be required for the valid and effective transfer of the Buyer's stock to Seller as contemplated herein.

(l) **Tax Returns**. The Companies and DCDC will prepare and file all state, federal and other tax returns, and amendments thereto or timely and properly file requests for extensions with respect to such returns as are required to be filed between the date of this Agreement and the Closing Date, and shall pay all taxes due with respect to such returns. Buyer and Seller shall

have a reasonable opportunity to review all such returns, and amendments thereto, prior to their being filed.

(m) **Sale of Capital Assets**. As of the Closing Date, neither the Companies nor DCDC will have sold or disposed of any capital assets with an original cost in excess of $5,000 without the prior written consent of the other party or capital assets in the aggregate with an original cost of $10,000 without the prior written consent of the other party.

(n) **Information to be Furnished**. The Companies and the Seller will furnish or make available to Buyer all the information concerning the Companies required for inclusion in any statement or application made by Buyer to any governmental body in connection with the transaction contemplated by this Agreement, and the Companies and the Seller represent and warrant that all such information furnished to Buyer for such applications or statements shall be true and correct in all respects without omission of any material fact required to be stated to make any such information not misleading.

The Buyer will furnish or make available to Seller all the information concerning the Buyer required for inclusion in any statement or application made by Seller to any governmental body in connection with the transaction contemplated by this Agreement, and the Buyer represents and warrants that all such information furnished to Seller for such applications or statements shall be true and correct in all respects without omission of any material fact required to be stated to make any such information not misleading.

5. **Conditions Precedent to Buyer's Obligations**. Each and every obligation of Buyer to be performed on the Closing Date or thereafter, as the case may be, shall be subject to the satisfaction prior thereto of the following conditions:

(a) **Representations and Warranties True at the Closing Date**. The representations and warranties made by the Companies and the Seller in this Agreement or given on their behalf hereunder shall be true on and as of the Closing Date with the same effect as through such representations and warranties had been made or given on and as of the Closing Date.

(b) **No Adverse Change**. The business, assets and properties of the Companies shall not have been materially and adversely affected in any way as a result of fire, explosion, earthquake, disaster, accident, labor trouble or dispute, any action by the United States or any other governmental authority, flood, drought, embargo, riot, civil disturbance, uprising, activity of armed forces or act of God or public enemy or for any other reason.

(c) **Compliance with Agreement**. The Companies shall have performed and complied with all of their obligations under this Agreement which are to be performed or complied with by it prior to or on the Closing Date.

(d) **Employment of Seller**. Seller shall have entered into an employment agreement with Buyer in the form annexed hereto as Exhibit B.

(e) **Certificate of Fulfillment of Conditions**. There shall be delivered to Buyer a certificate of the Companies and Seller certifying in such detail as Buyer may specify the fulfillment of conditions set forth in subsections (a), (b) and (c) of this Section 5.

(f) **Certificates of Good Standing**. The Seller shall have delivered to Buyer a certificate issued by appropriate governmental authorities evidencing the good standing of the Companies as of a date not more than thirty (30) days prior to the Closing Date as a corporation or limited liability company of the state of their respective organization and in each state where it is qualified to do business.

(g) **Proceedings and Instruments Satisfactory**. All proceedings, corporate or other, to be taken in connection with the transaction contemplated by this Agreement, and all documents incident thereto, shall be satisfactory in form and substance to Buyer, and the Companies shall have made available to Buyer for examination the originals or true and correct copies of all records and documents relating to the business and affairs of the Companies, which Buyer may request in connection with said transaction. The Companies and the Seller shall have complied with all statutory requirements for the valid consummation by the Companies or the Seller of the transaction contemplated by this Agreement.

(h) **No Litigation**. No investigation, suit, action or other proceeding shall be threatened or pending before any court or governmental agency which in the opinion of Buyer's counsel is likely to result in the restraint, prohibition or the obtaining of damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby, or in connection with any claim against the Companies, not disclosed by the Schedules attached hereto.

(i) **All Documents**. All documents required by Section 8(a) of this Agreement shall have been delivered to the Buyer.

6. **Conditions Precedent to the Seller's Obligations**. Each and every obligation of the Seller to be performed on the Closing Date shall be subject to the satisfaction prior thereto of the following conditions:

(a) **Representations and Warranties True at the Closing Date**. Buyer's representations and warranties contained in this Agreement shall be true at and as of the Closing Date as though such representations and warranties were made at and as of the Closing Date.

(b) **Compliance with Agreement**. Buyer shall have performed and complied with its obligations under this Agreement which are to be performed or complied with prior to or on the Closing Date.

(c) **All Documents**. All documents required by Section 8(b) of this Agreement shall have been delivered to the Seller.

(d) **Directors.** At the Closing, the Board of Directors of the Buyer shall consist of five members, one of whom shall be the Seller or his designee. In the event the size of the Board is increased, Seller shall have the right to designate twenty (20%) of the members of the Board of Directors. In the event that the number of directors is not divisible by five, then Seller shall have the right to designate such number of directors as is closest to 20% of the total directors on the Board of Directors. (For example, if the size of the board is increased to seven directors, Seller would still be entitled to select one director; if the board were increased to any number between eight and twelve directors, Seller would be entitled to select two directors.) In the event that the size of the Board is decreased below five, Seller shall be entitled to designate one member of the Board of Directors Seller shall have the right to designate directors pursuant to this Section for as long as Seller either (i) remains employed by the Buyer, or (ii) continues to own not less than ten percent of the issued and outstanding stock of Buyer. The foregoing sentence is not intended to negate Seller's ability to vote his shares for the election of directors at any time after he ceases to satisfy the foregoing conditions. Buyer shall cause its by-laws to be amended to reflect the provisions of this paragraph (d) and to provide that such provisions cannot be modified without the consent of Seller.

(e) **Transfer of Food Assets.** At or prior to the Closing, DCDC shall have transferred and assigned all of its assets and liabilities related to its restaurant operations (the "Restaurant Business") to the Buyer, provided, however, to the extent that any such transfer requires the prior written consent of a third party and such consent cannot be obtained prior to the Closing Date, DCDC will use its best efforts to obtain such consents following the Closing Date and Buyer will agree to indemnify DCDC to the extent that DCDC incurs any liabilities arising from its restaurant operations following the Closing Date. Attached hereto as Schedule 6(e) is a pro forma balance sheet for Buyer indicating what the assets and liabilities of Buyer would have been if such transfer and assumption of liabilities took place on July 31, 2000.

(f) **Certificates of Good Standing**. The Buyer shall have delivered to Seller a certificate issued by appropriate governmental authorizes evidencing the good standing of the Buyer as of a date or not more than thirty (30) days prior to the Closing Date as a corporation of the state of Delaware and in each state where it is qualified to do business..

(g) **Proceedings and Instruments Satisfactory**. All proceedings, corporate or other, to be taken in connection with the transaction contemplated by this Agreement, and all documents incident thereto, shall be satisfactory in form and substance to Seller, and the Buyer shall have made available to Seller for examination the originals or true and correct copies of all records and documents relating to the business and affairs of the Buyer, which Seller may request in connection with said transaction. The Buyer shall have complied with all statutory requirements for the valid consummation by the Buyer of the transaction contemplated by this Agreement.

(h) **No Litigation**. No investigation, suit, action or other proceeding shall be threatened or pending before any court or governmental agency which in the opinion of Seller's counsel is likely to result in the restraint, prohibition or the obtaining of damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby, or in connection with any claim against DCDC or the Buyer, not disclosed by the Schedules attached hereto.

(i) **Employment of Seller**. Seller shall have entered into an employment agreement with Buyer in the form annexed hereto as Exhibit B.

7. **Survival of Representations and Warranties**

All of the representations and warranties contained in Articles II and III and in any documents delivered pursuant to this Agreement shall survive the Closing until the earlier of nine months following the Closing Date or the date on which Buyer's capital stock is registered pursuant to an effective registration statement with the S.E.C., except for representations regarding (i) the filing of tax returns and the payment of income taxes, which representations shall survive for the applicable limitation period with respect to such taxes, and (ii) representations regarding the maintenance of liability insurance, which representations shall survive for the applicable statute of limitations with respect to any claim that is made that would have been insured by the insurance that is the subject of the representation, but for the breach of such representation.

8. **Closing Date**. The closing with respect to the transactions contemplated hereunder shall take place at the offices of McLaughlin & Stern, LLP, 260 Madison Avenue, New York, New York, at 10:00 a.m. local time on October 17, 2000, or at such earlier date as may be set

by Buyer, on at least two (2) days' prior written notice to the Seller. Such date is herein referred to as the "Closing Date".

At the Closing,

(a) The Seller shall deliver to Buyer the following:

(1) a certificate of fulfillment of conditions signed by the President of the Companies referred to in subsection (e) of Section 5 hereof;

(2) a certificate of good standing referred to in subsection (g) of Section 5 hereof;

(3) certificates representing all of the Pudgie's Interests as set forth in Section 1(a) hereof;

(4) a general release executed by Seller in favor of the Companies the form attached hereto and labeled Exhibit C;

(5) resignations of the officers and directors of the Companies;

(6) consents of any party to any lease or contract whose consent is required by reason of the transactions contemplated by this Agreement.

(7) estoppel certificates from each landlord of the Companies, which provides that the Companies are not in default and no event has occurred, which, with notice or the passage of time, would constitute a default by the Companies.

(8) subject to the provisions of Section 14, consents from those landlords leasing property to any of the Companies pursuant to leases which require the consent of the landlord upon the transfer of the ownership interests of the Company in question.

(9) the employment agreement as specified in Section 5(d);

(10) an assignment of the office lease for the headquarters of the Companies located at _____;

(11) an assignment of the computer and copier leases currently leased to Pudgie's Management Corp; and

(12) such other and further documents, instruments and certificates not inconsistent with the provisions of this Agreement, executed by Seller as Buyer shall reasonably require to carry out and effectuate the purposes and terms of this Agreement.

(b) Buyer shall deliver to the Seller the following:

(1) the stock certificates referred to in Section 1(b) hereof;

(2) a certificate of fulfillment of conditions set forth in Section 6 hereof signed by the President and Treasurer of the Buyer;

(3) such other and further documents, instruments and certificates not inconsistent with the provisions of this Agreement, executed by Buyer, as Seller shall reasonably require to carry out and effectuate the purposes and terms of this Agreement.

9. **Seller's Covenants with Respect to Certain Stores**

Seller shall use its best efforts to sell all of the assets relating to the store premises located in Lynbrook, New York prior to the Closing.

10. **Brokerage**. The Seller represents and warrants that he has not engaged the services of any broker or finder hereunder, and agrees to indemnify and hold the Buyer and DCDC harmless against any claim for brokers' or finders' fees or compensation in connection with the transactions herein provided for by any person, firm or corporation claiming a right to the same

because engaged by the Seller. Buyer represents and warrants to the Seller that it has not engaged the services of any broker or finder in connection with the transactions herein provided for and agrees to indemnify and hold harmless Seller against any claims for brokers' or finders' fees or compensation in connection with the transactions herein provided for by any other person, firm or corporation claiming a right to the same because engaged by Buyer or DCDC.

11. **Restriction on Negotiation**.

The Seller and the Companies agree that until the earlier of (a) the Closing Date or (b)October 31, 2000, neither the Companies nor the Seller will sign any agreement or have any negotiations regarding the sale of the Companies or any of their assets.

12. **Spin-Off**

After the Closing Date, Buyer and DCDC shall use their best efforts to file a registration statement with the Securities and Exchange Commission (the "SEC") to register Buyer's Common Stock under Section 12 of the Securities Act of 1933 (the "Act") and DCDC, upon the effectiveness of such registration statement, shall distribute its shares of Common Stock of Buyer to its shareholders (hereafter referred to as the "Spin-Off") . If Buyer and DCDC fail to effectuate the Spin-Off on or before the "Deadline" (described below) then Seller shall have the right upon notice to Buyer and DCDC to exchange all shares of the Common Stock of Buyer which he acquires pursuant to this Agreement into shares of the Common Stock of DCDC at the ratio of one fourth of a share of DCDC for each whole share of Buyer in accordance with the Conversion Agreement attached hereto as Exhibit D. The Deadline shall be the first anniversary of the Closing Date, provided, however, if Buyer and DCDC have submitted a registration statement to the Securities and Exchange Commission on or before such date, then the Deadline shall automatically be extended

to the second anniversary of the Closing Date, and further provided that if the Spin-Off has not been effectuated by such second anniversary the Deadline shall automatically be extended until the third anniversary of the Closing Date upon delivery by Buyer or DCDC of a notice electing such extension. In addition, the Deadline shall be automatically extended by that period of time between the filing of the Registration Statement and any amendments thereto with the SEC and the response by the SEC to such Registration Statement and any amendments thereto.

If, at any time prior to the earlier of the "Restructure Date" (defined below)or the effective date of the registration statement with regard to the Spin-Off (the earlier of such dates being hereafter referred to as the "Adjustment Date"), the Buyer issues any additional shares of its Common Stock or options, warrants or securities convertible into Common Stock (i) if Buyer has issued Common Stock, Buyer shall issue to Seller Common Stock or (ii) if Buyer has issued options, warrants or securities convertible into Common Stock, Buyer shall issue to Seller options to purchase Common Stock, the exercise price and terms of exercise shall be equivalent to those of such options, warrants or convertible securities. Such additional Common Stock and options shall permit Seller to purchase that number of Shares of Buyer's Common Stock which, when added to the number of shares issued to Seller at the Closing, equal twenty percent of all issued and outstanding Common Stock of the Buyer on the Adjustment Date, on a fully diluted basis after giving effect to the exercise of all then outstanding options, warrants and rights to purchase shares of Common Stock (including all unvested options, warrants and rights) and the conversion of all securities convertible into shares of Common Stock. DCDC and Buyer hereby covenant that they will not adopt any option plan that would prohibit the foregoing issuance of options to Seller.

The "Restructure Date" is defined as the date on which Buyer raises the sum of One Million Five Hundred Thousand Dollars (the "Threshold Amount")(subject to adjustment as described in the next sentence) from any combination of debt or equity financing, from the acquisition of a line of credit, from the sale of assets or from any other transaction outside of the ordinary course of business. The Threshold Amount shall be reduced by $0.50 for each $1 of long term debt that is converted to equity and for each $1 of trade debt that is eliminated other than through the payment of money.

13 . **Management Agreement**

After the Closing, Seller and the Companies, shall use their best efforts to obtain consents to assignment (to the extent required by the applicable lease) from all landlords with respect to leases relating to the sites at which the business of the Companies operates, and Buyer and DCDC shall use their best efforts to obtain consents to assignment (to the extent required by the applicable lease) from all landlords with respect to the leases relating to the sites at which DCDC's Restaurant Business operates. (The sites which are subject to leases requiring consent are hereafter referred to as the "Applicable Sites".) Until such time as the landlord's consents with respect to an Applicable Site is obtained, the business operations at the Applicable Site shall be managed by Buyer pursuant to the terms of the Management Agreement annexed hereto as Exhibit E.

To the extent that any lease provides that the transfer of the stock of the tenant as contemplated herein will constitute an assignment of the lease subject to the landlord's consent, and the parties hereto reasonably determine that such consent cannot be obtained, then instead of transferring such stock as contemplated herein, such stock will be held by the owner thereof either in trust for, as nominee for or otherwise for the benefit of Buyer, with Buyer being

exclusively entitled to all the income and other benefits relating to such stock, including, without limitation, the right to direct any votes to be taken with respect to such stock.

14. **Miscellaneous Provisions**.

(a) **Nature and Survival of Representations**. All statements contained in any certificate, instrument, schedule or document delivered by or on behalf of any of the parties pursuant to this Agreement and the transactions contemplated hereby shall be deemed representations and warranties by the respective parties hereunder made pursuant to the terms of this Agreement. All representations and warranties made by the parties to each other in this Agreement or pursuant hereto shall survive as provided herein, except to the extent waived in writing by the parties hereto, the consummation of the transactions contemplated by this Agreement, notwithstanding any investigation heretofore or hereafter made by any of them or on behalf of any of them. Each Schedule delivered in accordance with this Agreement shall be deemed to include and refer to every other Schedule hereto.

(b) **Entire Agreement**. This Agreement, together with the Exhibits and Schedules delivered pursuant to this Agreement, sets forth the entire agreement and understanding between the parties as to the subject matter hereof, and merges and supersedes all prior discussions, agreements and understandings of every and any nature between them, including, without limitation all letters of intent between or among the parties and no party shall be bound by any condition, definition, warranty, or representation, other than expressly set forth or provided for in this Agreement, or as may be, on or subsequent to the date hereof, set forth in writing and signed by the party to be bound thereby. This Agreement may not be changed or modified, except by agreement in writing, signed by all of the parties hereto.

(c) **Parties in Interest**. All the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors in interest of the respective parties hereto.

(d) **Laws Governing**. This Agreement shall be construed and interpreted according to the law of the State of New York as applied to contracts executed and performed in the State of New York.

(e) **Assignment**. This Agreement shall not be assigned by the Seller or Buyer.

(f) **Notices**. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand, or overnight courier, telecopied or mailed, certified or registered mail, with first-class postage page, (a) if to the Seller c/o Pudgie's Restaurant Corp., 5 Dakota Drive, Suite 302, Lake Success, New York 11042 or to such other person and place as the Seller shall furnish to Buyer in writing, with a copy to Benjamin Geizhals, Esq., Davidoff & Malito LLP, 605 Third Avenue, 34th Floor, N.Y., N.Y. 10158 ; and, (b) if to Buyer, 7400 Baymeadows Way, Jacksonville, Florida 32255, or to such other person and place as Buyer shall furnish to the Seller in writing with a copy to Steven W. Schuster, Esq., McLaughlin & Stern, LLP, 260 Madison Avenue, New York, New York 10016. All notices shall be deemed given upon receipt.

(g) **Further Instruments**. The Seller will, on the Closing Date or such other date as Buyer may request, without cost or expense to Buyer, execute and deliver or cause to be executed and delivered to Buyer such other action as Buyer may reasonably request to more

effectively consummate the transactions contemplated by this Agreement and confirm and assure Buyer title thereto.

(h) **Counterparts**. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(i) **Headings**. The headings in the sections of this Agreement are inserted for convenience only and shall not constitute a part hereof.

(j) **Expenses.** Buyers, on one hand, and Seller and Companies on the other hand, shall bear their own respective expenses, including professional fees, incurred in connection with this Agreement.

(k) **Transfer Taxes.** Except as specifically provided below, the Seller shall pay any state or local sales, transfer or like taxes payable in connection with the transactions contemplated pursuant to this Agreement, it being understood that each Seller is solely responsible for his or her personal income tax obligations arising from the sale of the Pudgie's Interests as contemplated hereunder.

(l) **Confidentiality.** Each party shall maintain the existence of this Agreement and the terms and conditions described therein ("Confidential Information") strictly confidential. No party may disclose any Confidential Information to any third party (other than to its legal, accounting or financial advisors) without the prior consent of the other party. Any press release will be subject to the prior consent of the parties. However, the parties acknowledge that any press release or other disclosure required to be made by Buyer or DCDC in order for it to comply with any federal or state securities laws shall be at Buyer's discretion.

(m) **Books and Records.** The parties acknowledge and agree that Seller may retain (but keep confidential) copies of business records of the Companies as are reasonably necessary to Seller in connection with (x) the preparation of Seller's tax returns or other filings prepared by Seller, (y) Seller's performance of its obligations hereunder. After the Closing, each party shall provide to the other party any reasonably requested copies of any contracts, agreements, commitments, books, records, files or other data not provided to such party at the time of the Closing that such party may reasonably require in connection with (i) the preparation of such party's tax returns or other filings prepared by such party, (ii) such party's performance of its obligations hereunder, or (iii) any litigation, tax audit or threatened litigation relating to such party's continuing business, provided that such party shall reimburse the party providing copies for all reasonable costs incurred in connection with the provision thereof.

(n) **Severability.** If any provision of this Agreement is held by any court of competent jurisdiction to be illegal, invalid or unenforceable, such provision shall be of no force and effect, but the illegality, invalidity or unenforceability shall have no effect upon and shall not impair the enforceability of any other provision of this Agreement.

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

ARTHUR TREACHER'S, INC.

By:_____
Name: William Saculla
Title: President

DIGITAL CREATIVE DEVELOPMENT CORPORATION

By:_____
Name: Bruce Galloway
Title: Chairman

_____
Jeffrey Bernstein

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By:_____
Name: William Saculla
Title: President

DIGITAL CREATIVE DEVELOPMENT CORPORATION

By:_____
Name: Bruce Galloway
Title: Chairman

_____
Jeffrey Bernstein

Exhibit "A"

Name	State	Auth Shares	Issued & O/S Shares	Type of Entity	Tax ID	Members	Directors	President	Secretary
Pudgies Famous Chicken, LLC	Delaware	N/A	N/A	LLC	11-3478308	JB	N/A	N/A	N/A
Pudgie's Restaurant Corp.	NY	200	100	S Corp	11-3436727	N/A	JB/SYS	JB	JB
Pudgie's Management Corp.	NY	200	100	C Corp	1-3556244	N/A	JB/SYS	JB	JB
Pudgie's Franchise Corp.	NY	200	100	C Corp	11-3436723	N/A	JB/SYS	JB	SYS
Pudgie's Famous Chicken, Inc	NY	200	100	C Corp	Not Assigned Yet	N/A	JB/SYS	JB	JB
Pudgie's #8003 Huntington, Inc	NY	200	100	S Corp	11-3477542	N/A	JB/SYS	JB	JB
Pudgie's #8904 Bellmore, Inc	NY	200	100	S Corp	11-3477546	N/A	JB/SYS	JB	JB
Pudgie's #8905 E Northport, Inc	NY	200	100	S Corp	11-3477547	N/A	JB/SYS	JB	JB
Pudgie's #9002 Lake Ronkonkoma, In	NY	200	100	S Corp	11-3477551	N/A	JB/SYS	JB	JB
Pudgie's #9007 West Babylon, Inc	NY	200	100	S Corp	11-3477555	N/A	JB/SYS	JB	JB
Pudgie's #9008 Patchogue, Inc	NY	200	100	S Corp	11-3478320	N/A	JB/SYS	JB	JB
Pudgie's #9009 Little Neck, Inc	NY	200	100	S Corp	11-3478318	N/A	JB/SYS	JB	JB
Pudgie's #9010 Baldwin Harbor, Inc	NY	200	100	S Corp	11-3478317	N/A	JB/SYS	JB	JB
Pudgie's #9013 Coram, Inc	NY	200	100	S Corp	11-3478316	N/A	JB/SYS	JB	JB
Pudgie's #9031 Islandia, Inc	NY	200	100	S Corp	11-3478315	N/A	JB/SYS	JB	JB
Pudgie's #9040 Maspeth, Inc	NY	200	100	S Corp	11-3478313	N/A	JB/SYS	JB	JB
Pudgie's #9112 Bay Ridge, Inc	NY	200	100	S Corp	11-3478312	N/A	JB/SYS	JB	JB
Pudgie's #9203 Parlin, Inc	NY	200	100	S Corp	11-3478310	N/A	JB/SYS	JB	JB
Pudgie's #9402 Lynbrook, Inc	NY	200	100	S Corp	11-3464712	N/A	JB/SYS	JB	JB
Pudgie's #9802 Massapequa, Inc	NY	200	100	S Corp	11-3478309	N/A	JB/SYS	JB	JB

JB = Jeffrey Bernstein

SYS = Scott Y. Stuart

FORM OF EMPLOYMENT AGREEMENT

AGREEMENT made as of this ___ day of October, 2000 (the "Effective Date") by and between **ARTHUR TREACHER'S, INC.**, a Delaware corporation, having an office at 7400 Baymeadows Way, Suite 300, Jacksonville, Florida 32255 (the "Employer" or the "Company") and **JEFFREY BERNSTEIN**, an individual residing at 5 Dakota Drive, Suite 302, Lake Success, New York 11402 (the "Employee") (this "Agreement");

WHEREAS, Employer desires to employ Employee as its Chief Executive Officer and President; and

WHEREAS, Employee is willing to be employed as the Employer's Chief Executive Officer and President in the manner provided for herein, and to perform the duties of such offices upon the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein set forth it is agreed as follows:

1. **Employment of Chief Executive Officer and President.** The Employer hereby employs Employee as its Chief Executive Officer and President.

2. **Term.**

a. The term of this Agreement shall commence on the Effective Date and shall have a duration of five (5) years subject to the provisions of Section 6 below (the "Term"); provided, however, that this Agreement shall be renewable at the option of the Employer at its sole discretion, for an additional term of five (5) years (the "Renewal Term") on a minimum of 180 days notice. The Term and the Renewal Term, if applicable, are collectively referred to herein as the "Employment Term".

b. During the term hereof, Employee shall devote his full business time and efforts to Employer and its affiliates.

3. **Duties.** Employee shall perform those functions generally performed by persons of such title and position and as may be delegated or assigned by the Board of Directors (the "Board") of the Employer from time to time. The powers and duties of Employee shall include, but not be limited to, being generally responsible for the business operations of the Employer. Employee shall attend all meetings of the Stockholders and the Board and shall be available to confer and consult with and advise the Officers and Directors of Employer at such times that may be reasonably required by Employer. Employee shall report to the Chairman of the Board of Employer.

Employee's services shall be performed at the Employer's principal executive offices, presently located at 5 Dakota Drive, Suite 302, Lake Success, New York 11402, but the parties understand and agree that Employee's duties will entail travel requirements pertaining to the performance of his duties hereunder and that Employee's principal executive offices may be relocated provided that any such relocation shall be within the New York tri-state metropolitan area.

4. **Compensation.**

a. (i) Employee shall be paid at the rate of $200,000 per annum (the "Base Salary"), payable periodically in accordance with the payment policies of Employer during the term of this Agreement.

(ii) Beginning as of the second anniversary of the Effective Date and annually thereafter during the Employment Term , Employee shall be entitled to receive the Base Salary plus the greater of either: (I) an additional five percent (5%) of the Base Salary per annum, accumulative for each year this Agreement is in effect; or, (II) the annual percentage increase of the Consumer Price Index as determined by the United States Department of Labor.

b. Employee will also be entitled to receive a bonus which shall be determined at the discretion of the Board of Employer or any compensation committee that may be appointed by the Board.

c. Employer shall grant to Employee non-qualified stock options to purchase shares of common stock in accordance with the Employer's 2000 Stock Option Plan (the "Common Stock"), subject to the following rights and limitations of the parties hereto as described below:

A. Employee shall be entitled to receive options to purchase Common Stock pursuant to this Section 4(c)A, in each fiscal year during the Employment Term in which Employer has a positive EBITDA as determined in accordance with GAAP as reported in the Company's audited financial statements, commencing with the fiscal year ended June 30, 2001.

(i) For each Fiscal Year in which Employer has a positive EBITDA (as determined by the Employer's audited financial statements), Employee shall be entitled to receive options to purchase 500,000 shares of Common Stock for each fiscal year in which the following mini mum amounts of EBITDA are achieved.

If EBITDA is :

$300,000 in the fiscal year ended June 30,2001.

1. $600,000 in the fiscal year ended June 30, 2002.
2. $900,000 in the fiscal year ended June 30, 2003.

The exercise price of such options shall be equal to 110% of the average of the last reported bid price for the Common Stock of the Company for the ten trading days prior to the date of the issuance of such options (the "Average Price"), as reported by Bloomberg LP or if unavailable, on the principal national securities exchange on which the Common Stock is listed or admitted to trading, or if the Common Stock is not listed or admitted to trading on any national securities exchange, the Average Price as determined by the closing bid prices as reported by NASDAQ or such other system then in use, or, if the Common Stock is not quoted by any such organization, the Average Price as determined from the closing bid prices in the over-the-counter market as furnished by the principal national securities exchange on which the Common Stock is traded. The options shall be deemed granted as of the date the Employer's receipt of the completed audited financial statements for each Fiscal Year from the Employers independent accountants. The options shall be exercisable for five years from the date of grant.

(ii) The options shall be exercisable for no less than five years following the end of each fiscal year for which such options are granted (or such other period as provided in the Employer's 2000 Stock Option Plan) and shall be fully vested and exercisable upon grant.

B. Pursuant to this Section 4(c)B, Employee shall be entitled to receive options to purchase Common Stock irrespective of whether, in a particular year, Employer has a positive EBITDA:

(i) Employee shall be entitled to receive options to purchase Common Stock of an amount equal to twenty percent (20%) of options granted to employees, officers and directors of Employer, excluding any options granted to any employees at the time such employees first become employed by the Company. The options to be granted to Employee under this section 4(c)B shall be on the same terms as the options granted to such employees, officers and directors, provided however, if the options granted to such employees, officers and directors are incentive stock options, and all or any portion of the options to be granted to Employee hereunder would not qualify as incentive stock options under applicable regulations ("Qualified ISOs"), then the number of incentive stock options to be granted to Employee hereunder shall not exceed the maximum number of options that may be granted to Employee as Qualified ISOs and the balance of the options, if any, to be granted Employee hereunder, shall be non-qualified stock options. Notwithstanding the foregoing, in all cases, the exercise price of such options shall be determined in accordance with all applicable SEC and IRS regulations.

(ii) The calculation of Employee's entitlement to receive options to purchase Common Stock pursuant to Section 4(c)B(i) shall not include options or warrants issued by Employer in connection with obtaining debt or equity financing.

(iii) Any options granted under this section 4(c)B shall reduce the number of options, if any, that may be granted under section 4(c)A.

C. Stock options granted under this paragraph 4(c) shall not be transferable by Employee.

(iv) In the event of any merger, reorganization, consolidation, recapitalization, issuance of Common Stock as a dividend, upon a stock split or upon another change in corporate structure affecting the Common Stock, then the number and kind of shares subject to the unexercised portion of the options granted under this paragraph 4(c) and the exercise price of such options shall be adjusted to prevent the inequitable enlargement or dilution of any rights hereunder, provided, however, that any such adjustment shall be made without change in the total exercise price applicable to the unexercised portion of such options. Adjustments under this paragraph shall be made by the Board (consistent with the terms hereof), whose determination shall be final and binding and conclusive upon the Employer and the Employee.

d. Employer shall lease a Lincoln Town Car or its American equivalent for the exclusive use of Employee during the Employment Term and reimburse Employee for all expenses incurred by Employee in connection with the operation of the vehicle.

e. Employee shall be entitled to receive a cellular telephone for use for the performance of his duties provided for herein.

f. Employee shall be entitled to receive any 401K retirement plan, pension or similar benefits and any health insurance programs available to Employer's executive officers.

g. Employer shall maintain a life insurance policy on the life of Employee for the benefit of the Company in an amount comparable to the policy maintained on the life of Employer's other executive officers. Ownership of the policy shall be assigned to Employee upon termination of Employee's employment under this Agreement.

5. **Right of First Refusal.**

At such time that either Bruce Galloway or Employee (a "Seller") shall offer for sale or otherwise dispose of their Common Stock or their options or rights to purchase shares of Common Stock, a right of first refusal shall arise as provided for below, except that such right of first refusal shall not apply to sales of Common Stock, options or other rights on the public market :

(a) Employer First Refusal. The Employer shall have the irrevocable and exclusive first option, but not the obligation, within ten (10) days of receipt of the Seller's written notice of his intention or desire to transfer (the "Transfer Notice") any or all of his shares of Common Stock to exercise the right to purchase such Common Stock (the "Offered Common Stock") on the same terms and conditions as stated in the Transfer Notice. The Transfer Notice shall also specify the name and address of the proposed transferee (the "Offeror"), the terms of the proposed transfer and a copy of the offer by the Offeror. A copy of the Transfer Notice shall also be delivered to the non-selling shareholder. The date such Transfer Notice is given shall be

deemed the "Transfer Notice Date." The Employer, at its sole discretion, shall exercise its right of first refusal with a vote by the majority of the Board voting in favor of such proposal.

The Employer shall advise the Seller and the non-selling shareholder, as to whether or not and to what extent it intends to exercise its right of first refusal (the "Employer Notice"). In the event the Employer exercises this right, the closing for such purchase shall occur within sixty (60) days of receipt by the Seller of the Employer Notice.

(b) Shareholder First Refusal. In the event that the Employer does not elect to purchase all of the Seller's Offered Common Stock, the non-selling shareholder shall have the irrevocable and exclusive option, but not the obligation, within twenty (20) days of receipt of the Employer Notice (the "Shareholder Period") to state his intention to purchase all Offered Common Stock not purchased by the Employer (the "Remaining Shares") on the same terms and conditions as stated in the Transfer Notice. If the non-selling shareholder notifies the Seller of his election to purchase the Remaining Shares (the "Shareholder Transfer Notice"), the closing for such purchase shall occur on the date of the closing pursuant to Section 5(a) or, if all Offered Common Stock is being purchased by the non-selling shareholder, within seventy (70) days after the receipt by the Employer of the Transfer Notice.

In the event that the Employer and/or the Non-Selling Shareholder fail to exercise their respective rights to purchase, in the aggregate, all of the Offered Common Stock, the Seller may sell the Offered Common Stock to the Offeror. Additionally, the Seller shall or shall cause the Offeror to pay all fees and expenses the Employer may incur in connection with assisting the Offeror and/or amending any governmental application and/or seeking any governmental consent which may be required by the Offeror and/or the Employer as a result of the Offeror's purchase of the Seller's Shares. The purchase of the Offered Common Stock by the Offeror must be made pursuant to the terms of the Transfer Notice, within thirty-five (35) days after the expiration of the periods in which the Employer and the non-selling shareholder must exercise their respective first refusal rights. If the sale of such Common Stock does not occur by such date then any subsequent sales of such Common Stock shall again be subject to the first refusal provisions set forth in this Section 5.

(c) Non-Restricted Voluntary Transfers. Notwithstanding anything to the contrary contained in this Agreement, either Galloway or Bernstein may at anytime transfer all or any part of their interest in the Common Stock or options or rights to purchase Common Stock (to the extent such options or rights are transferable) to any officer, director or affiliate of the Company or member of their immediate families, or trust established for the benefit of any member of their immediate families without being subject to the provisions of Sections 5(a) or (b).

6. Termination.

a. Employer may terminate Employee's employment upon written notice for Cause. For purposes hereof, "Cause" shall mean (i) gross or wilful misconduct or gross negligence as determined by the Board of Directors; (ii) commission of a felony; (iii) failure or

refusal to follow the directions of the Board of Directors of Employer; (iv) a breach of Sections 10 or 11, and/or (v) the habitual abuse of alcohol or controlled substances which interferes with the performance of Employee's duties hereunder. Notwithstanding anything to the contrary in this paragraph 6, Employer may not terminate Employee's employment under this Agreement for Cause with respect to clauses (i), (iii), (iv) or (v) unless Employee shall have first received notice from Employer's Board (the "Cause Notice") advising Employee of the specific acts or omissions alleged to constitute Cause, and Employee fails to correct such acts or omissions within seven (7) days from the date Employee receives the Cause Notice or, if such act or omission is not curable within seven(7) days of such notice, Employee commences to undertake all necessary action (as determined in good faith by the Board of Directors) within seven (7) days from the date Employee receives the Cause Notice. In the event of a termination for "Cause" Employee shall only be entitled to receive any amount accrued under paragraph 4 (a) through the effective date of termination; in the event of such termination, all options previously granted to Employee shall terminate effective upon Employee's receipt of the Cause Notice.

b. Employer may terminate Employee's employment under this Agreement if, as a result of any physical or mental disability, Employee shall fail or be unable to perform his duties under this Agreement for any 180 consecutive days during any twelve-month period. In the event of such termination, Employee shall be entitled to receive any amount accrued under paragraph 4(a) and any other amount to which Employee was entitled at the time of such termination and shall be entitled to exercise any previously granted options that vested prior to termination during such period as provided by applicable regulations and the Employer's 2000 Stock Option Plan.

c. This agreement automatically shall terminate upon the death of Employee, except that Employee's estate shall be entitled to receive any amount accrued under paragraph 4(a) and any other amount to which Employee was entitled at the time of his death and the personal representative of his estate shall be entitled to exercise any previously granted options during such period as provided by applicable regulations and the Employer's 2000 Stock Option Plan.

d. If Employer shall terminate Employee's employment other than due to his death, disability or for Cause, or if Employee terminates his Employment due to "Constructive Termination" as defined below, then Employee shall (i) continue to be entitled to receive, for the balance of the then existing Term (or if applicable, the balance of the Renewal Term), all amounts provided for by Section 4(a) and (b) and all additional employee benefits under Section 4, and (ii) continue to be entitled to exercise those options that have vested pursuant to Section 4(c) for the balance of the exercise period of such options, subject to any restrictions that may be imposed by law on the exercise of incentive stock options.

e. Employee may terminate his Agreement upon written notice to the Company provided that such notice is delivered within thirty days after an event constituting "Constructive Termination". "Constructive Termination" shall mean either (i) a change in Employee's official titles, (ii) a material change in Employee's duties so as not to be generally

consistent with the duties of the chief executive officer and president of a publicly traded company of a similar size and financial strength, (iii) a sale of all or substantially all of the assets of the Company, (iv) an issuance or sale, either by the Company or its shareholders, to a single purchaser or group of related purchasers, of that number of shares of the capital stock of the Company which after such sale or issuance constitute more than fifty percent of the issued and outstanding voting stock of the Company, or (v) a change of the principal offices of the Company to a location outside of the New York tri-state metropolitan area.

7. **Board of Directors.** The Company agrees that so long as Employee is employed by Employer, the Employee will be nominated to the Board as part of management's slate of Directors.

8. **Expenses.**

The Employee shall be reimbursed for all of his actual out-of-pocket expenses incurred in the performance of his duties hereunder, provided Employee provides invoices or receipts for such expenses and such expenses are acceptable to the Board of Directors, which approval shall not be unreasonably withheld, for business related travel, meals, lodging and other expenses against presentation of vouchers or receipts therefore.

9. **Vacation.** The Employee shall be entitled to receive four (4) weeks paid vacation time after each year of employment upon dates agreed upon by Employer.

10. **Secrecy.** At no time shall the Employee disclose to anyone any confidential or secret information (not already constituting information available to the public), except in the performance of this duties hereunder, concerning (a) internal affairs or proprietary business operations of the Employer or (b) any trade secrets, new product developments, patents, programs or programming, especially unique processes or methods.

11. **Covenant Not to Compete and Non-Solicitation.**

a. The Employee will not, at any time, anywhere in a state of the United States that the Employer operates its business, during the term of this Agreement, and for eighteen (18) months after termination hereof (unless Employer terminates this Agreement without Cause or Employee terminates this Agreement based upon Constructive Termination), either directly or indirectly, engage in, with or for any enterprise, institution, whether or not for profit, business, or company, competitive with the business (as identified herein) of the Employer as such business may be conducted on the date thereof, as a creditor, guarantor, or financial backer, stockholder, director, officer, consultant, advisor, employee, member, inventor, producer, director, or otherwise of or through any corporation, partnership, association, sole proprietorship or other entity; provided, that an investment by the Employee, his spouse or his children are not more than four percent (4%) of the total debt or equity capital or any such competitive enterprise or business. For purposes of this Section 11, the business of the Employer shall be limited to restaurants which emphasize seafood and/or fried chicken.

b. Employee also agrees that during employment and for one year after termination of employment (unless Employer terminates this Agreement without Cause or Employee terminates this Agreement based upon Constructive Termination), Employee shall not directly or indirectly induce or solicit any of the Employer's employees to leave their employment with Employer or any person who had been an employee of the Company within one year prior to such solicitation or engagement.

12. Severability

a. The restrictions against competition, disclosure or solicitation set forth above are considered by the parties hereto to be reasonable for the purposes of protecting the business of the Employer, its subsidiaries and its affiliates. However, if any such restriction is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable. The parties hereto understand and intend that each restriction agreed to by Employee herein above shall be construed as separable and divisible from every other restriction, and the unenforceability, in whole or in part, of any such restriction, in any jurisdiction, shall not affect the enforceability of such restriction in any other jurisdiction or of the remaining restrictions in any jurisdiction, and that one or more or all of such restrictions may be enforced in whole or in part as the circumstances warrant.

b. The parties further acknowledge that in the event of a breach by the Employee of any of his/her obligations under Sections 10 or 11, the Company may be unable to ascertain the exact amount of damages resulting from such breach, will suffer irreparable harm and will not have an adequate remedy at law. Accordingly, in the event of any such breach or threatened breach by the Employee, the Company shall be entitled to such equitable and injunctive relief as may be available to restrain the Employee and any corporation, partnership or other entity participating in such breach or threatened breach from the violation of the provisions of Sections 10 or 11. Nothing herein shall be construed as prohibiting the Company from pursuing any other remedies available at law or in equity as may be available to it by reason of such breach or threatened breach.

12. **Entire Agreement.** This Agreement contains the entire agreement between the parties with respect to the transactions contemplated herein and supersedes any prior agreement or understanding between Employer and Employee with respect to Employee's employment by Employer. This Agreement may not be amended except by an agreement in writing signed by the Employee and the Employer, or any waiver, change, discharge or modification as sought. Waiver of or failure to exercise any rights provided by this Agreement and in any respect shall not be deemed a waiver of any further or future rights.

13. **Assignment.** This Agreement is a personal contract with the Employee and the Employee's rights and obligations may not be assigned or transferred by the Employee. The rights and obligations of the Company shall be binding upon and run in favor of the successors and assigns of the Company.

14. **Governing Law.** This Agreement and all the amendments hereof, and waivers and consents with respect thereto shall be governed by the laws of the State of New York with respect to contracts performed and executed in the State of New York.

15. **Notices.** All notices, responses, demands or other communications under this Agreement shall be in writing and shall be deemed to have been given when

a. delivered by hand;

b. sent by telefax (with receipt confirmed), provided that a copy is mailed by registered mail, return receipt requested; or

c. received by the addressee as sent by express delivery service (receipt requested) in each case to the appropriate addresses, telefax numbers as the party may designate to itself by notice to the other parties:

(i) if to the Employer:

Arthur Treacher's Inc.
7400 Baymeadows Way, Suite 300
Jacksonville, Florida 32255
Attn: Mr. William Saculla

Telefa

x: (904) 739-2500

Telephone: (904) 739-1200

with a copy to:

Mr. Bruce Galloway
Burnham Securities Inc.
1325 Avenue of the Americas
New York, New York 10019

Telefa

x: (212) 603-7537

Telephone: (212) 603-7590

Mr. Steven Schuster, Esq.
McLaughlin & Stern LLP
260 Lexington Avenue
New York, New York 10016
Telefax: (212) 448-0066

Teleph

one: (212) 448-1100

(ii) if to the Employee:

Mr. Jeffrey Bernstein
5 Dakota Drive, Suite 302
Lake Success, NY 11402
Telefax:
Telephone:

with a copy to:

Mr. Benjamin Geizhals, Esq.
Davidoff & Malito
605 Third Ave., 34th Floor
New York, New York 10158
Telefax:
Telephone: (212) 557-7200

16. **Counsel**. The undersigned acknowledge that they have had the opportunity to have this agreement reviewed by independent counsel.

IN WITNESS WHEREOF, the undersigned have executed this Agreement the day and year first above written.

ARTHUR TREACHER'S, INC.

By: _____
Name:
Title:

_____
JEFFREY BERNSTEIN

Acknowledged by Bruce Galloway in respect of Section 5 of this Agreement:

BRUCE GALLOWAY

COMMON STOCK CONVERSION AGREEMENT

THIS COMMON STOCK CONVERSION AGREEMENT, dated as of September _____, 2000 by and among DIGITAL CREATIVE DEVELOPMENT CORPORATION ("DCDC"), a Utah corporation, ARTHUR TREACHER'S INC. (the "Subsidiary"), a Delaware corporation and wholly-owned subsidiary of DCDC, and JEFFREY BERNSTEIN ("Bernstein") (this "Agreement").

WHEREAS, pursuant to the terms of that certain purchase agreement dated as of September ___, 2000 by and among DCDC, the Subsidiary and Bernstein (the "Purchase Agreement") the parties hereto have agreed to enter into this Agreement;

WHEREAS, pursuant to the Purchase Agreement Bernstein acquired twenty percent (20%) of the issued and outstanding capital stock of the Subsidiary on a fully diluted basis "and the right to acquire shares pursuant to options granted (exclusive of options granted pursuant to the employment agreement between the Company and Bernstein)" (the "Bernstein Stock");

WHEREAS, the Bernstein Stock is convertible in to the shares of DCDC's common stock (the "DCDC Common Stock") pursuant to the terms and conditions hereof (the "Conversion Rights");

WHEREAS, pursuant to the Purchase Agreement, DCDC and the Subsidiary shall use their best efforts to file a registration statement on behalf of the Subsidiary pursuant to Section 12 of the Securities Act of 1933 on Form 10 as promulgated under the Securities Exchange Act of 1934 (or other suitable form) (the "Registration Statement") and have such Registration Statement declared effective by the Securities and Exchange Commission ("SEC").

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and in the Purchase Agreement the parties hereby agree as follows.

Section 1. Registration Statement Deadline

The "Deadline" shall be the first anniversary of the Closing Date (as defined in the Purchase Agreement), provided, however, if the Subsidiary and DCDC have submitted a Registration Statement to the SEC on or before such date, then the Deadline shall automatically be extended to the second anniversary of the Closing Date, and further provided that if the Spin-Off (as defined in the Purchase Agreement) has not been effectuated by such second anniversary the Deadline shall automatically be extended until the third anniversary of the Closing Date upon delivery by the Subsidiary or DCDC of a notice electing such extension. In addition, the Deadline shall be automatically extended by that period of time between the filing of the

Registration Statement and any amendments thereto with the SEC and the response by the SEC to such Registration Statement and any amendments thereto.

Section 2. Conversion

a. Right of Conversion

If the Registration Statement has not been declared effective by the SEC as of the Deadline "and the Spin-Off shall have occurred by the Deadline" in such circumstances Bernstein shall have the right to convert the Bernstein Stock into the common stock of DCDC. The Conversion Ratio shall be one (1) whole share of the Bernstein Stock for each one-quarter share of DCDC Common Stock.

b. Mechanics of Conversion.

Bernstein may exercise the right of conversion by giving written notice to DCDC and the Subsidiary at its principal office (or at such other office as the Subsidiary may designate by written notice) (the "Conversion Notice") of Bernstein's election to convert the Bernstein Stock to be converted at any time during normal business hours (i.e. 9:00 a.m. to 5:30 p.m. New York City time) at the office of the Subsidiary.

Conversion shall be deemed to have been effected on the date of delivery of the certificate representing the shares of DCDC.

c. Adjustment of Conversion Ratio

The right of Bernstein to convert the Bernstein Stock into DCDC Common Stock shall be subject to adjustment as described herein (the "Conversion Ratio").

(i) Adjustments for Stock Splits and Combinations. If DCDC or the Subsidiary shall at any time or from time to time after the date hereof, effect a stock split of the outstanding capital stock of DCDC or the Subsidiary, the applicable Conversion Ratio in effect immediately prior to the stock split shall be proportionately adjusted. If DCDC or the Subsidiary shall at any time or from time to time after the date hereof, combine the outstanding shares of DCDC or the Subsidiary, the applicable Conversion Ratio, in effect immediately prior to the combination shall be proportionately adjusted. Any adjustments under this Section 2(c)(i) shall be effective at the close of business on the date the stock split or combination occurs.

(ii) Adjustment for Dividends and Distributions. If DCDC or the Subsidiary at any time or from time to time after the date hereof shall make or issue or set a record date for the determination of holders of DCDC or the Subsidiary entitled to receive a dividend or other distribution payable in other than shares of DCDC or the Subsidiary common stock, then, and in each event, an appropriate revision to the Conversion Ratio shall be made and

provision shall be made (by adjustments of the Conversion Ratio or otherwise) so that Bernstein shall receive, the number of securities of DCDC which he would have received had the Bernstein Stock been converted into DCDC Common Stock on the date of such event and had thereafter, during the period from the date of such event to and including the conversion date (the "Conversion Date"), retained such securities (together with any distributions payable thereon during such period), giving application to all adjustments called for during such period under this Section 2(c)(ii) with respect to the rights of the Bernstein Stock.

(iii) Adjustments for Reclassification, Exchange or Substitution. If the DCDC Common Stock issuable upon conversion or the Bernstein Stock subject to conversion shall at any time or from time to time after the date hereof shall be changed into the same or different number of shares of any class or classes of stock, whether by reclassification, exchange, substitution or otherwise (other than by way of a stock split or combination of shares or stock dividends provided for in Sections 2(c)(i), (ii) and (iii), or a reorganization, merger, consolidation, or sale of assets provided for in Section 2(c)(iv)), then, and in each event, an appropriate revision to the Conversion Ratio shall be made and provisions shall be made (by adjustments of the Conversion Ratio or otherwise) so that Bernstein shall have the right thereafter to convert such Bernstein Stock into the kind and amount of shares of stock and other securities receivable upon reclassification, exchange, substitution into which such DCDC Common Stock might have been converted immediately prior to such reclassification, exchange, substitution or other change, all subject to further adjustment as provided herein.

(iv) Adjustments for Reorganization, Merger, Consolidation or Sales of Assets. If at any time or from time to time after the date hereof there shall be a capital reorganization of DCDC or the Subsidiary (other than by way of a stock split or combination of shares or stock dividends or distributions provided for in Section 2(c)(i) and, (ii), or a reclassification, exchange or substitution of shares provided for in Section 2(c)(iii)), or a merger or consolidation of DCDC or the Subsidiary with or into another corporation, or the sale of all or substantially all of DCDC's or the Subsidiary's properties or assets to any other person, then as a part of such reorganization, merger, consolidation, or sale, an appropriate revision to the Conversion Ratio provision shall be made so that Bernstein shall have the right thereafter to convert such Bernstein Stock into the kind and amount of shares of stock and other securities or property of DCDC or any successor corporation resulting from such reorganization, merger, consolidation or sale, to which the Bernstein Stock deliverable upon conversion of such shares would have been entitled upon such reorganization, merger, consolidation, or sale. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 2(c)(iv) with respect to the rights of Bernstein after the reorganization, merger, consolidation, or sale to the end that the provisions of this Section 2(c)(iv) (including any adjustment in the applicable Conversion Ratio then in effect and the number of shares of stock or other securities deliverable upon conversion of the Bernstein Stock) shall be applied after that event in as nearly an equivalent manner as may be practicable.

(v) Other Adjustment Events and Provisions. For the purposes of this Section 2, the following shall also be applicable.

(A) Consideration for DCDC Common Stock. In case any shares of DCDC Common Stock or any rights or warrants or options to purchase any such DCDC Common Stock shall be issued or sold:

(1) for cash, the consideration received therefor shall be deemed to be the amount received by DCDC therefor, without deduction therefrom of any expenses incurred or any underwriting commissions or concessions paid or allowed by DCDC in connection therewith;

(2) for a consideration other than cash, the amount of the consideration other than cash received by DCDC shall be deemed to be the fair value of such consideration as determined by the Board of Directors of DCDC in good faith and in the exercise of reasonable business judgment, without deduction of any expense incurred or any underwriting commissions or concessions paid or allowed by DCDC in connection therewith, which determination shall be sent in writing by the Board of Directors to Bernstein;

(3) in connection with any merger or consolidation in which DCDC is the surviving corporation (other than any consolidation or merger in which the previously outstanding shares of DCDC shall be changed into or exchanged for the stock or other securities of another corporation), the amount of consideration therefor shall be deemed to be the fair value, as determined reasonably and in good faith by the Board of Directors of DCDC, of such portion of the assets and business of the non-surviving corporation as such board may determine to be attributable to such shares of DCDC Common Stock, rights, warrants or options, as the case may be; or

(4) in the event of any consolidation or merger of DCDC in which DCDC is not the surviving corporation or in which the previously outstanding shares of DCDC shall be changed into or exchanged for the stock or other securities of another corporation or in the event of any sale of all or substantially all of the assets of DCDC for stock or other securities of any corporation, DCDC shall be deemed to have issued a number of shares of DCDC Common Stock for stock or securities or other property of the other corporation computed on the basis of the actual exchange ratio on which the transaction was predicated, and for a consideration equal to the fair market value on the date of such transaction of all such stock or securities or other property of the other corporation. If any such calculation results in adjustment of the applicable Conversion Ratio or the number of shares of DCDC Common Stock issuable upon conversion of the Bernstein Stock, the determination of the applicable Conversion Ratio, immediately prior to such merger, consolidation or sale, shall be made after giving effect to such adjustment of the number of shares of DCDC Common Stock issuable upon conversion of the Bernstein Stock.

(B) Consideration for the Subsidiary Common Stock. In case any shares of the Subsidiary's common stock (the "Subsidiary Common Stock") or any rights or warrants or options to purchase any such Subsidiary Stock shall be issued or sold:

(1) for cash, the consideration received therefor shall be deemed to be the amount received by the Subsidiary therefor, without deduction therefrom of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Subsidiary in connection therewith;

(2) for a consideration other than cash, the amount of the consideration other than cash received by the Subsidiary shall be deemed to be the fair value of such consideration as determined by the Board of Directors of the Subsidiary in good faith and in the exercise of reasonable business judgment, without deduction of any expense incurred or any underwriting commissions or concessions paid or allowed by the Subsidiary in connection therewith, which determination shall be sent in writing by the Board of Directors to Bernstein;

(3) in connection with any merger or consolidation in which the Subsidiary is the surviving corporation (other than any consolidation or merger in which the previously outstanding shares of the Subsidiary shall be changed into or exchanged for the stock or other securities of another corporation), the amount of consideration therefor shall be deemed to be the fair value, as determined reasonably and in good faith by the Board of Directors of the Subsidiary of such portion of the assets and business of the non-surviving corporation as such board may determine to be attributable to such shares of the Subsidiary Common Stock, rights, warrants or options, as the case may be; or

(4) in the event of any consolidation or merger of the Subsidiary in which the Subsidiary is not the surviving corporation or in which the previously outstanding shares of the Subsidiary shall be changed into or exchanged for the stock or other securities of another corporation or in the event of any sale of all or substantially all of the assets of the Subsidiary for stock or other securities of any corporation, the Subsidiary shall be deemed to have issued a number of shares of Subsidiary Stock for stock or securities or other property of the other corporation computed on the basis of the actual exchange ratio on which the transaction was predicated, and for a consideration equal to the fair market value on the date of such transaction of all such stock or securities or other property of the other corporation. If any such calculation results in adjustment of the applicable Conversion Ratio or the number of shares of Subsidiary Stock issuable upon conversion of the Bernstein Stock, the determination of the applicable Conversion Ratio, immediately prior to such merger, consolidation or sale, shall be made after giving effect to such adjustment of the number of shares of Subsidiary Stock issuable upon conversion of the Bernstein Stock.

(C) No Impairment. DCDC shall not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to

avoid the observance or performance of any of the terms to be observed or performed hereunder by DCDC, but will at all times in good faith, assist in the carrying out of all the provisions of this Section 2 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of Bernstein against impairment.

(D) Certificate as to Adjustments. Upon occurrence of each adjustment or readjustment of the Conversion Ratio or number of shares of DCDC Common Stock issuable upon conversion of the Bernstein Stock pursuant to this Section 2, DCDC (if such adjustment or readjustment results from an action by DCDC) or the Subsidiary (if such adjustment or readjustment results from an action by the Subsidiary) shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish notice to Bernstein, a certificate setting forth such adjustment and readjustment, showing in detail the facts upon which such adjustment or readjustment is based. DCDC or the Subsidiary, as the case may be, shall, upon written request of Bernstein, at any time, furnish or cause to be furnished a like certificate setting forth such adjustments and readjustments, the applicable Conversion Ratio in effect at the time, and the number of shares of DCDC Common Stock or stock of the Subsidiary and the amount, if any, of other securities or property which at the time would be received upon the conversion of a share of such Bernstein Stock. Notwithstanding the foregoing, DCDC or the Subsidiary, as the case may be, shall not be obligated to deliver a certificate unless such certificate would reflect an increase or decrease of at least one percent of such adjusted amount.

(E) Issue Taxes. The Subsidiary shall pay any and all issue and other taxes, excluding federal, state or local income taxes, that may be payable in respect of any issue or delivery of shares of the DCDC Common Stock on conversion of the Bernstein Stock pursuant hereto; provided, however, that the Subsidiary shall not be obligated to pay any transfer taxes resulting from any transfer requested by Bernstein in connection with any such conversion.

(F) Fractional Shares. No fractional shares of DCDC Common Stock shall be issued upon conversion of the Bernstein Stock. In lieu of any fractional shares to which Bernstein would otherwise be entitled, DCDC shall round the fraction to the nearest whole number of shares such that DCDC will round up if the fraction is one-half or more, and round down if the fraction is less than one-half.

(G) Reservation of DCDC Common Stock. DCDC shall at all times reserve and keep available, out of its authorized but unissued shares of DCDC Common Stock not previously reserved, solely for the purpose of effecting the conversion of the Bernstein Stock, the full number of shares deliverable upon conversion of the Bernstein Stock from time to time outstanding. DCDC shall, from time to time in accordance with the Utah General Business Corporations Law, as amended, use its best efforts to take all necessary measures to increase the authorized number of shares of DCDC Common Stock if at any time the unissued number of authorized shares shall not be sufficient to permit the conversion of the Bernstein Stock at the time outstanding.

(H) Retirement of the Bernstein Stock. Conversion of the Bernstein Stock shall be deemed to have been effected on the applicable Conversion Date, and such date is referred to herein as the "Conversion Date". Bernstein shall be deemed to have become a stockholder of record of the DCDC Common Stock on the applicable Conversion Date. Upon conversion of only a portion of the Bernstein Stock represented by a Conversion Notice (in the form attached hereto), DCDC shall issue and deliver to Bernstein a Subsidiary Stock certificate representing the unconverted portion of the certificate so surrendered.

(I) Legends. The DCDC Common Stock certificate to be issued to Bernstein upon conversion shall bear such legends regarding transfer restrictions required by the Securities Act of 1933.

Section 3. Notices: Any notice required by the provisions of this Agreement will be in writing and will be deemed effectively given: (a) upon personal delivery to the party to be notified; (b) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day; (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt.

i.
If to the Subsidiary:
5 Dakota Drive, Suite 302
Lake Success, New York 11042
Attn: Jeffrey Bernstein

with a copy to:
Steven Schuster, Esq.
McLaughlin & Stern, LLP
260 Madison Avenue, 18th Floor
New York, New York 10016

ii.
If to DCDC:
67 Irving Place North, 4th Floor
New York, NY 10003
Attn: Ralph Sorrentino

with a copy to:
Steven Schuster, Esq.
McLaughlin & Stern, LLP
260 Madison Avenue, 18th Floor
New York, New York 10016

iii.
If to Bernstein:
5 Dakota Drive, Suite 302
Lake Success, New York 11042
Attn: Jeffrey Bernstein

with a copy to:
Benjamin Geizhals, Esq.
Davidoff & Malito, LLP
605 Third Ave., 34th Floor
New York, New York 10158

4. Successors and Assigns. Except as otherwise expressly provided herein, this Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the Subsidiary, DCDC and Bernstein.

5. Amendment and Waiver. This Agreement may be amended, and the observance of any term of this Agreement may be waived, but only with the written consent of the Subsidiary, DCDC and Bernstein. No delay on the part of any party in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by any party of any right, power or remedy preclude any other or further exercise thereof, or the exercise of any other right, power or remedy.

6. Counterparts. One or more counterparts of this Agreement may be signed by the parties, each of which shall be an original but all of which together shall constitute one and same instrument.

7. Governing Law. This agreement will be construed and enforced in accordance with, and the rights of the parties will be governed by, the laws of the State of New York without regard to conflict of laws principles. Any litigation based thereon, or arising out of, under, or in connection with, this agreement or any course of conduct, course of dealing, statements (whether oral or written) or securities actions of the Subsidiary, DCDC or Bernstein shall be brought and maintained exclusively in the court of the state of New York without reference to its conflicts of laws rules or principles.

8. Invalidity of Provisions. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

9. Headings. The headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

IN WITNESS WHEREOF, the undersigned have executed this Common Stock Conversion Agreement as of the date first above written.

DIGITAL CREATIVE DEVELOPMENT CORPORATION

BY: _____
TITLE: _____

ARTHUR TREACHER'S, INC.

BY: _____
TITLE: _____

JEFFREY BERNSTEIN

_____

FORM OF MANAGEMENT AGREEMENT

AGREEMENT made as of this ____ day of _____, 2000, by and among JEFFREY BERNSTEIN having an office at 5 Dakota Drive Suite 302 Lake Success, New York 11042 ("Bernstein"), each of the COMPANIES listed on Schedule A hereto (the "Companies" or the "Company") each having offices at 5 Dakota Drive Suite 302 Lake Success, New York 11042 and ARTHUR TREACHER'S, INC., a Delaware corporation, having an office at 7400 Baymeadows Way, Suite 300, Jacksonville, Florida 32255 ("Treacher's") (this "Agreement").

WHEREAS, Jeffrey Bernstein, Treacher's and Digital Creative Development Corporation, a Utah corporation have entered into that certain Purchase Agreement dated as of October ___, 2000 (the "Purchase Agreement");

WHEREAS, Bernstein owns one hundred percent (100%) of the presently issued and outstanding shares of capital stock of, or one hundred percent (100%) of the limited liability company membership interests for each of the corporations and limited liability companies listed on Schedule A hereto (collectively referred to as the Pudgies Interest's). The entities listed on Schedule A hereto are collectively referred to as the "Companies" or the "Company".

WHEREAS, pursuant to the Purchase Agreement, Treacher's agreed to purchase all of the Pudgies Interest's, including those entities listed on Schedule A hereto;

WHEREAS, pursuant to the Purchase Agreement, Pudgies transferred, assigned or otherwise sold by operation of law to Treacher's that business known as and that trades under the name of Pudgies Famous Chicken (the "Business");

WHEREAS, the transfer, assignment or sale by operation of law of certain real property leases associated with the Business requires the consent of certain third parties pertaining to such real property leases (the "Leases" noted on Schedule B hereto) and such third parties have not furnished the necessary consent (the "Non-consenting Party");

WHEREAS, the Companies desire to retain Treacher's to manage and operate the Business located at the addresses set forth on Schedule B hereto from the date hereof through the Termination Date (defined herein).

NOW, THEREFORE, in consideration of the mutual premises, undertakings and conditions hereinafter set forth, the parties hereto agree as follows:

1. Operation and Management of the Business

(a) The following services shall be provided by Treacher's, together with all other services which Treacher's in its sole discretion, deems necessary to operate and manage the Business:

(i) to purchase all necessary supplies for the Business;

(ii) to provide for all necessary utilities and services which are reasonably required for the operation of the Business;

(iii) to employ, hire, discharge, supervise and pay, all employees and independent contractors reasonably considered by Treacher's as necessary for the efficient operation of the Business in accordance with levels of compensation and other terms and conditions of employment as shall be established from time to time by Treacher's;

(iv) to maintain, or cause to be maintained complete and accurate records of all transactions made pursuant to this Agreement; including records of all transactions of the Business pursuant to the rules and regulations of the various states in which the Business operates;

(v) to prepare and file or cause to be filed all federal, state and local income tax and information returns regarding the Business;

(vi) to be solely responsible for all expenses in connection with the operation, promotion and advertising of the Business located at the address listed on Schedule A hereto;

(b) Treacher's shall be entitled to the gross proceeds of the Business during the term of this Agreement including the operation of the Business located at the address set forth on Schedule B hereto.

(c) The Companies agree that at the option of Treacher's Treacher's may elect to either (I) pay all rent, additional rent and other obligations of the Companies due under the Leases directly to the landlords of such Leases or (II) to pay an amount necessary to pay all rent, additional rent and obligations of the Companies under the Leases to each Company listed on Schedule A that is a party to the Lease noted on Schedule B hereto and such Company shall immediately remit such rent and/or additional rent to the landlord (otherwise described herein as the Non-consenting Party).

2. Termination Date

The termination date of this Agreement (the "Termination Date") between chers and each Company shall be the sooner happening of either:

(a) The Non-consenting Party furnishes the necessary consent in respect of the assignment, transfer of sale by operation of law concerning the Lease to which each such Company is a party noted on Schedule B hereto; or,

(b) At such time as each Company is no longer a responsible party or legally obligated party under the Lease to which such Company is a party.

3. Representations and Warranties of the Company.

Each of the Companies that is a corporation is duly organized, validly existing and in good standing under and by virtue of the laws of their state of incorporation. Each of such Companies is qualified to do business as a foreign corporation in such other states in which the ownership of its assets or the nature and conduct of its businesses requires such qualification.

Each of the Companies that is a limited liability company is duly organized, validly existing and in good standing under and by virtue of the laws of the state set forth on Schedule A with respect to such Company. Each of such Companies is qualified to do business in such other states in which the ownership of its assets or the nature and conduct of its businesses requires such qualification.

The Companies warrant and represent that the execution, delivery and performance of this Agreement has been duly authorized by all requisite action and does not violate, result in a default under or contravene any other agreement to which the Companies are bound.

4. Representations and Warranties of Treacher's

Treacher's warrants and represents that it is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and that the execution, delivery and performance of this Agreement has been duly authorized by all requisite corporate action and do not violate, result in a default under or contravene any other agreement to which Treacher's is bound.

5. Consideration

In consideration of the right granted to Treacher's hereunder, Treacher's shall be entitled to the revenues of the Business at the locations set forth on Schedule B.

6. Indemnification

Treacher's shall, at its own expense, defend, indemnify and hold harmless Bernstein and the Companies from and against any and all claims, losses, damages, judgments, costs, and expenses (including attorney's fees) arising from any third party claims or assertions in any suit, action or proceeding that arises from or are in connection with the operation of the Business to which this Agreement relates and location of which is noted on Schedule B hereto, as of the date hereof through the Termination Date.

7. Other Provisions

(a) Notice of Agreement

This Agreement shall not be deemed to create any relationship of franchise, agency, partnership or joint venture between the parties hereto.

(b) Non-Waiver

The failure of either party to enforce at any time any term, provision or condition of this Agreement, or to exercise any right or option herein, shall in no way operate as a waiver thereof, nor shall any single or partial exercise preclude any other right or option herein; and no waiver whatsoever shall be valid unless in writing, signed by the waiving party, and only to the extent herein set forth.

(c) Parties in Interest

All the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors in interest of the respective parties hereto.

(d) Laws Governing

This Agreement shall be construed and interpreted according to the laws of the State of New York, with the same force and effect as is fully executed and to be performed therein.

(e) Notices

All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand or mailed, certified or registered mail, with first-class postage paid, at the addresses first set forth above or to such person and place as the parties may specify by written notice.

(f) Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(g) Headings

The headings herein are for convenience only and shall not affect the construction or interpretation hereof.

(h) Severability

If any provisions or any portion of any provision of this Agreement shall be construed to be illegal, invalid, or unenforceable, such shall be deemed stricken and deleted from this Agreement to the same extent and effect as if never incorporated herein, but all other provisions of this Agreement and the remaining portion of any provision which is illegal, invalid or unenforceable in part shall continue in full force and effect.

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

ARTHUR TREACHER'S, INC.,
a Delaware corporation

_____

Name:
Title:

JEFFREY BERNSTEIN

_____

Signed in the capacity as President and/or shareholder of each of the Companies listed on Schedule A hereto and as sole member of the limited liability company listed on Schedule A hereto.

Schedule A

List of Companies

Name	State	Auth Shares	Issued & O/S Shares	Type of Entity	Tax ID	Members	Directors	President	Secretary
Pudgies Famous Chicken, LLC	Delaware	N/A	N/A	LLC	11-3478308	JB	N/A	N/A	N/A
Pudgie's Restaurant Corp.	NY	200	100	S Corp	11-3436727	N/A	JB/SYS	JB	JB
Pudgie's Management Corp.	NY	200	100	C Corp	1-3556244	N/A	JB/SYS	JB	JB
Pudgie's Franchise Corp.	NY	200	100	C Corp	11-3436723	N/A	JB/SYS	JB	SYS
Pudgie's Famous Chicken, Inc	NY	200	100	C Corp	Not Assigned Yet	N/A	JB/SYS	JB	JB
Pudgie's #8003 Huntington, Inc	NY	200	100	S Corp	11-3477542	N/A	JB/SYS	JB	JB
Pudgie's #8904 Bellmore, Inc	NY	200	100	S Corp	11-3477546	N/A	JB/SYS	JB	JB
Pudgie's #8905 E Northport, Inc	NY	200	100	S Corp	11-3477547	N/A	JB/SYS	JB	JB
Pudgie's #9002 Lake Ronkonkoma, In	NY	200	100	S Corp	11-3477551	N/A	JB/SYS	JB	JB
Pudgie's #9007 West Babylon, Inc	NY	200	100	S Corp	11-3477555	N/A	JB/SYS	JB	JB
Pudgie's #9008 Patchogue, Inc	NY	200	100	S Corp	11-3478320	N/A	JB/SYS	JB	JB
Pudgie's #9009 Little Neck, Inc	NY	200	100	S Corp	11-3478318	N/A	JB/SYS	JB	JB
Pudgie's #9010 Baldwin Harbor, Inc	NY	200	100	S Corp	11-3478317	N/A	JB/SYS	JB	JB
Pudgie's #9013 Coram, Inc	NY	200	100	S Corp	11-3478316	N/A	JB/SYS	JB	JB
Pudgie's #9031 Islandia, Inc	NY	200	100	S Corp	11-3478315	N/A	JB/SYS	JB	JB
Pudgie's #9040 Maspeth, Inc	NY	200	100	S Corp	11-3478313	N/A	JB/SYS	JB	JB
Pudgie's #9112 Bay Ridge, Inc	NY	200	100	S Corp	11-3478312	N/A	JB/SYS	JB	JB
Pudgie's #9203 Parlin, Inc	NY	200	100	S Corp	11-3478310	N/A	JB/SYS	JB	JB
Pudgie's #9402 Lynbrook, Inc	NY	200	100	S Corp	11-3464712	N/A	JB/SYS	JB	JB
Pudgie's #9802 Massapequa, Inc	NY	200	100	S Corp	11-3478309	N/A	JB/SYS	JB	JB

JB = Jeffrey Bernstein

SYS = Scott Y. Stuart