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Franchised Units: 441

Company-owned Units: 82

Total Units: 523

ITEM 19. EARNINGS CLAIMS

Except as attached as Exhibit 16, we do not furnish or authorize our sales persons to furnish any oral or written information to prospective franchisees concerning the actual or potential revenues, sales, costs, income or profits of a Mrs. Fields Cookie Store. Actual results vary from store to store, and we cannot estimate the results of any particular franchise.

Attached as Exhibit 16 to this Offering Circular is an Earnings Claim, which includes, as qualified in Exhibit 16, gross revenues by quartile and average revenues, certain expenses and EBITDA (earnings before interest, taxes, depreciation, amortization and impairment charges) of 113 Mrs. Fields Cookie Stores located in the United State that we owned and operated for our entire 2001 fiscal year (December 31, 2000 to December 29, 2001). Your financial results may differ from the information included in Exhibit 16. Substantiation of all data illustrated in Exhibit 16 will be made available to you upon reasonable demand.

EXHIBIT 16 EARNINGS CLAIM

The following two Tables present unaudited information about the actual revenues, certain expenses and EBITDA (earnings before interest, taxes, depreciation, amortization and impairment charges) of certain corporate (MFOCI-owned) Mrs. Fields' Cookie Stores for the period from December 31, 2000 to December 29, 2001 (the "2001 Fiscal Year").

The corporate store information included in Tables 1 and 2 below is based on reports from **113 of the Mrs. Fields' Cookie Stores located in the United States that were owned and operated by MFOCI for the entire 2001 Fiscal Year (the "Corporate Stores")**, and excludes the locations described below. The Corporate Store reports were prepared by MFOCI personnel and are unaudited. The Corporate Store information contained herein does not include data for (i) corporate (MFOCI-owned) Mrs. Fields' Cookie Stores opened or closed in the United States during the 2001 Fiscal Year; (ii) corporate (MFOCI-owned) Mrs. Fields' Cookie Stores located outside of the United States; or (iii) corporate (MFOCI-owned) Mrs. Fields Cookie Stores operated in conjunction with one or more additional concepts, such as the Mrs. Fields' Bakery Cafes described in more detail in the Offering Circular. The Corporate Stores are primarily located within regional malls, but may also be located in strip shopping and lifestyle centers.

Table 1

GROSS REVENUES¹ OF CORPORATE STORES
BY QUARTILE² FOR 2001 FISCAL YEAR

<u>QUARTILE</u>	<u>GROSS REVENUE RANGE³</u>
1 st	\$475,688 to \$1,194,767 ⁴
2 nd	\$368,369 to \$475,319
3 rd	\$289,722 to \$367,152
4 th	\$147,762 to \$288,974

Table 1 Notes:

- (1) As used herein, "Gross Revenues" means the aggregate amount of all sales of Mrs. Fields Products (as defined in the Mrs. Fields Franchise Agreement), other items and services made and rendered in connection with the operation of a Corporate Store, including sales made at or away from the premises of such Store, whether for cash or credit, but excluding all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority. For 4 of the Corporate Stores (1 in the first Quartile, 1 in the second Quartile and 2 in the third Quartile), Gross Revenues includes sales made at carts operated, either seasonally or full time, at such Corporate Stores.
- (2) Quartile. As used herein, "Quartile" refers to the relative performance of the Corporate Stores. Therefore, the "1st" Quartile" refers to the top 25% performing stores, based on Gross Revenues, the "2nd Quartile" refers to the next highest 25% performing stores, and so on.
- (3) Gross Revenues Range. This Table combines the Gross Revenues of all of the Corporate Stores for the 2001 Fiscal Year, and lists the high and low end of the Gross Revenues Range for each Quartile. As further described above, the information relating to the Corporate Stores is based on unaudited reports prepared by MFOCI personnel.
- (4) Highly-Performing Stores. Only one of the Corporate Stores reported total Gross Revenues for the 2001 Fiscal Year in excess of \$1,000,000. This store has been opened longer than six years and is located at a busy intersection in Manhattan. Excluding this Corporate Store, the next highest performing Corporate Store reported Gross Revenues of approximately \$800,000. By contrast, the Corporate Store reporting the lowest Gross Revenues in Quartile is located in a mall in a blue-collar suburban area. A comparison of these two stores illustrates the effect that location can have on Gross Revenues and store performance. As described below in "Warnings", because of its national presence and reputation, MFOCI may have access to more desirable and higher profile locations for future development than any of its franchisees.

TABLE 2
AVERAGE REVENUE AND EBITDA OF
CORPORATE STORES FOR 2001 FISCAL YEAR¹ (unaudited)

	AVERAGE ²	% OF GROSS REVENUES ³	% OF STORES AT OR ABOVE AVERAGE ⁴
GROSS REVENUES ⁵	\$351,027	100%	40.7%
COST OF GOODS SOLD ⁶	107,716	30.7%	41.5%
GROSS PROFIT ⁷	\$243,311	69.3%	40.7%
EXPENSES			
LABOR ⁸	\$84,151	24.0%	35.3%
RENT ⁹	83,402	23.8%	36.2%
OTHER EXPENSES ¹⁰	26,357	7.5%	46.9%
TOTAL EXPENSES	\$193,910	55.2%	35.3%
EBITDA ¹¹	\$49,401	14.1%	45.1%

TABLE 2 NOTES:

- (1) Corporate Stores. As further described above, the information in this Table is based on unaudited reports prepared by MFOCI personnel.
- (2) Average. This column lists the average of the Corporate Stores for each category.
- (3) Percent of Gross Revenues. This column lists the percent of Gross Revenues that each category represents.
- (4) Percent of Corporate Stores at or Above Average. This column lists the percent of the Corporate Stores at or above the average for each category.
- (5) Gross Revenues. The definition of Gross Revenues is set forth in Footnote 1 to Table 1.
- (6) Cost of Goods Sold. Costs of Goods Sold include the actual price paid for cookie dough, brownie and muffin mixes, raw materials, various commodities such as butter and eggs used in the Corporate Stores, beverages and other products sold. Costs of Goods Sold also include customer refunds, cash discounts, charges for spoiled and damaged products and other waste, as well as drop charges, packaging and shipping charges, certain

supplies and paper goods. Corporate generally pay similar prices as franchisees for cookie dough, brownie and muffin mixes and other goods sold at Mrs. Fields stores. Costs, however, may differ based on availability of products within geographic areas, as well as variations in drop charges, packaging and shipping costs charged by various suppliers and distributors. In addition, although not reflected in the Costs of Goods Sold amount, MFOCI and its Affiliates receive certain rebates from various vendors and suppliers based on purchases of both Corporate Stores and franchised locations, as more fully described in Item 8 of the Offering Circular.

- (7) Gross Profit. Gross Revenues minus Costs of Goods Sold as such terms are defined and described herein.
- (8) Labor. Labor includes salaries for management personnel, hourly wages for employees (including overtime), temporary labor charges, vacation expense, sick pay expense, 401-k contributions, holiday/comp benefits, payroll taxes, health insurance premiums and workers compensation claims. Labor excludes bonus and performance incentive payments and benefits for MFOCI store-level employees. Depending on such variables as a franchisee's corporate structure, the number of employees a franchisee pays, the level of benefits offered and the applicable local job market and pay scale, franchised locations may experience vastly different labor costs from Corporate Stores. In some cases, MFOCI's benefits package may be more generous than some offered by its franchisees to employees.
- (9) Rents. Rents include base rent, percentage rent, storage facility rent (if applicable), late charges, common area maintenance charges, property taxes, personal property taxes, sales taxes and advertising fund contributions required under leases. Rents exclude utilities. Because of the large number of MFOCI-owned and operated stores throughout the United States, and its relationship with many of the large regional and national landlords that lease retail space, MFOCI may be able to negotiate lower rents and occupancy expenses than the average franchisee; therefore, franchisees may experience higher costs in this category than those experienced by the Corporate Stores.
- (10) Other Expenses. These expenses **include** costs of security, miscellaneous services, small wares, certain supplies, utilities (including water, electricity, gas, waste disposal, HVAC and telephone), marketing fees (paid at same level as franchised locations), sales tax expenses, bad debt, bank charges, cash over/short, computer equipment and software, equipment rental, fines and penalties, postage and express mail, property and liability insurance, repairs and maintenance, uniforms, employee recruitment and relocation.

These expenses **do not include** support provided by corporate headquarters, including legal, auditing and other professional fees, licensing, training, some accounting functions, senior-level field support, certain refurbishment and remodeling costs, food product development, dues and subscription. Some tasks performed by corporate-based personnel provide substantial benefits to the Corporate Stores but are not reflected in the expenses shown here. Further, since the Corporate Store Information in Table 2's based on EBITDA (earnings before interest, taxes, depreciation and amortization), none of such

expenses are included in Table 2 "above the line" calculations. Finally and significantly, although MFOCI Corporate Stores pay continuing marketing fees to MFOCI at the same level as franchised stores (currently 1%), the Corporate Stores do not pay Continuing Fees (royalties) to MFOCI. This results in an immediate savings of 6% of Gross Revenues over most franchised stores.

- (11) EBITDA. This category lists the EBITDA (Earnings before interest, taxes, depreciation, amortization, and impairment charges) of the Corporate Stores (reflecting Gross Profit minus total Expenses). As noted in Note 10 directly above, EBITDA also excludes royalties because Corporate Stores do not pay royalties to MFOCI.

Figures provided for Corporate Stores may differ widely from franchised locations for a number of reasons, including those listed above, differences in operational experience and ability, capital, financing, training, location and site criteria, physical condition and size of Store, number and type of products sold. Another important factor in store performance is the length of time a store has been open at its current location. A well-established store will likely have higher sales than any new store during its first year or two of operations. MFOCI has not suggested, and it certainly can not guarantee, that you will succeed in the operation of your store. The most important factors in the success of any Mrs. Fields Store, including the one to be operated by you, are the personal business, marketing, management, judgment and other skills of its owner and manager and their willingness to work hard and follow the System.

Substantiation of the data presented in this statement will be made available to you upon reasonable request.

WARNING: PLEASE NOTE

THE REVENUES, COSTS AND EBITDA SHOWN IN TABLES 1 AND 2 ABOVE ARE BASED ON ACTUAL, REPORTED RESULTS FROM THE CORPORATE STORES FOR FISCAL YEAR 2001. THERE IS NO ASSURANCE THAT FUTURE SALES WILL CORRESPOND TO SALES FROM THE LAST FISCAL YEAR. THESE FIGURES SHOULD NOT BE CONSIDERED AS THE ACTUAL OR POTENTIAL REVENUES, COSTS OR EBITDA THAT WILL BE REALIZED BY ANY FRANCHISEE. THE COMPANY DOES NOT REPRESENT THAT ANY FRANCHISEE CAN EXPECT TO ATTAIN THESE REVENUES, COSTS OR EBITDA. A NEW FRANCHISEE'S INDIVIDUAL FINANCIAL RESULTS ARE LIKELY TO DIFFER.

BECAUSE OF THE LARGE NUMBER OF MFOCI-OWNED AND OPERATED STORES THROUGHOUT THE UNITED STATES, AND ITS RELATIONSHIP WITH MANY OF THE LARGE REGIONAL AND NATIONAL LANDLORDS THAT LEASE RETAIL SPACE, MFOCI MAY BE ABLE TO NEGOTIATE LOWER RENTS AND OCCUPANCY EXPENSES THAN THE AVERAGE FRANCHISEE, AND MFOCI MAY HAVE ACCESS TO MORE DESIRABLE AND HIGHER PROFILE LOCATIONS FOR FUTURE DEVELOPMENT THAN ANY OF ITS FRANCHISEES.

AS NOTED ABOVE, ALTHOUGH MFOCI CORPORATE STORES PAY CONTINUING

MARKETING FEES TO MFOCI AT THE SAME LEVEL AS FRANCHISED STORES (CURRENTLY 1%), THE CORPORATE STORES DO NOT PAY CONTINUING FEES (ROYALTIES) TO MFOCI. THIS RESULTS IN AN IMMEDIATE SAVINGS OF 6% OF GROSS REVENUES OVER MOST FRANCHISED STORES.

MFOCI ENCOURAGES YOU TO CONSULT WITH YOUR OWN ACCOUNTING, BUSINESS, AND LEGAL ADVISORS TO ASSIST YOU TO PREPARE YOUR BUDGETS AND PROJECTIONS, AND TO ASSESS THE LIKELY OR POTENTIAL FINANCIAL PERFORMANCE OF YOUR STORE. MFOCI ALSO ENCOURAGES YOU TO CONTACT EXISTING FRANCHISED STORE OPERATORS TO DISCUSS THEIR EXPERIENCES WITH THE SYSTEM AND THEIR STORE BUSINESS. NOTWITHSTANDING THE INFORMATION SET FORTH IN THIS EARNINGS CLAIM, EXISTING FRANCHISEES OF MFOCI ARE YOUR BEST SOURCE OF INFORMATION ABOUT FRANCHISED STORE OPERATIONS.