FRANCHISE DISCLOSURE DOCUMENT

®

1000° DEGREES PIZZERIA FRANCHISE, INC.
A New Jersey Corporation
170 S New York Road
Galloway, NJ 08205
609-442-5189
www.1000degreespizza.com
~~1000degreespizzeria@gmail.com~~

franchise@1000DegreesPizza.com

The franchised business you will own and operate is a ~~*1000° Degrees Pizzeria®*~~ restaurant ~~(a "Restaurant"). A Restaurant makes~~offering and ~~sells~~selling various sizes and recipes of pizza for eat-in, carryout and delivery, and soft drinks under our designated marks.

The total investment necessary to begin operation of a Restaurant ranges from $~~134,550~~218,150 to ~~$479~~$764,250. This includes $~~100,000 to $275,000~~29,500 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation under a Development Agreement ranges from $738,650 to $1,284,750 (for a Development Agreement requiring the development and operation of 10 Restaurants). This includes $550,000 that must be paid to the franchisor or affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Brian Petruzzi, President and CEO, 170 S New York Rd, Galloway, NJ 08205, 609-442-5189.

The terms of your contract will govern your franchise relationship. Do not rely on this Disclosure Document alone to understand your contract. Read all of your contracts carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Date of Issuance: ~~April 30, 2015~~July 26, 2017

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THE DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES THAT MOST DISPUTES WITH US BE SUBMITTED TO ARBITRATION AND LITIGATION IN ATLANTIC COUNTY, NEW JERSEY. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN NEW JERSEY THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT PROVIDES THAT NEW JERSEY LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT YOUR RIGHTS AND MAY NOT BE ENFORCEABLE IN SOME STATES ~~INCLUDING, BUT NOT LIMITED TO,~~.

~~3.~~4. THE FRANCHISE AGREEMENT CONTAINS A PROVISION LIMITING THE TIME ~~LIMIT~~YOU HAVE TO RAISE CLAIMS AGAINST US, A LIMITATION OF DAMAGES PROVISION, AND A PROVISION INCLUDING A WAIVER OF

RIGHTS TO PARTICIPATE IN A CLASS ACTION ARBITRATION OR LAWSUIT.

~~4.~~5. YOUR SPOUSE MAY ALSO BE REQUIRED TO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.

~~5.~~6. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $~~134,500 TO $479~~218,150 to $764,250. THIS AMOUNT EXCEEDS THE FRANCHISOR'S SHAREHOLDER'S EQUITY AS OF DECEMBER 31, ~~2014~~2016, WHICH IS REPORTED TO BE A DEFICIT OF $~~50,876~~2,068,073.

~~6.~~7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

The effective date for this Franchise Disclosure Document in the states with franchise registration laws in which we have sought registration appear on the following page.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

STATE EFFECTIVE DATES - ~~2015~~2017

The following states require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
California	~~06/15/2015~~Pending
~~Illinois~~Hawaii	~~07/16/2015~~Not Registered
~~Indiana~~	~~Pending~~
New York	Pending
North Dakota	Pending
Maryland	Pending
Virginia	~~07/07/2015~~Pending
Minnesota	Pending
Illinois	Pending
Indiana	Pending
Michigan	Pending
Rhode Island	Pending
South Dakota	Pending
Utah	Pending
Washington	Pending
Wisconsin	Pending

TABLE OF CONTENTS

ITEM **PAGE**

EXHIBITS

ITEM 1.

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor is 1000° Degrees Pizzeria Franchise, Inc., which will be referred to as "DPFC", "we," "our," or "us." The terms "you," and "your," refer to the person, corporation, limited liability company, partnership or other legal entity that is granted a franchise (as well as the direct or indirect owners of any corporation, limited liability company, partnership or other legal entity that becomes a franchisee).

The Franchisor

We are a New Jersey corporation formed on June 19, 2014. Our principal place of business is located at 170 S New York Rd., Galloway, NJ 08205. We conduct business as 1000° Degrees Pizzeria Franchise, Inc. We began offering franchises in June 2014. We have not conducted business in any other line of business and we have not offered franchises in any other line of business.

Our Parents, Predecessors and Affiliates

~~*Affiliates*~~

~~Yogo Factory Franchising, Inc. ("YFF"), our affiliate, is a New Jersey corporation formed on February 6, 2012. YFF's principal place of business is located at 170 S New York Rd, Galloway, NJ 08205. YFF is the franchisor of the *Yogo Factory*® franchise system. YFF licenses third parties the right to open and operate self-serve frozen yogurt stores under the name *Yogo Factory*®. As of the the issuance date of this disclosure document, there are 14 Yogo Factory® franchised businesses in operation. YFF does not engage in any other business activities. Except as disclosed in this paragraph, YFF does not, and has never, offered franchises in any other line of business.~~

~~*Parents & Predecessors*~~

~~Except as disclosed above~~As of the issuance date of this Disclosure Document, we do not have any (a) parent companies, (b) predecessors, or (c) affiliates that offer franchises in any line of business, or that offer, sell or provide products or services to our franchisees.

The Franchised Business

We offer the right to develop and operate fast casual pizza restaurants under ~~the mark~~our designated marks, currently *1000° Degrees Neapolitan Pizza® and 1000 Degrees° Pizzeria®* (each a "Restaurant"). As a Franchisee you will operate a Restaurant making and selling pizzas of various sizes and recipes, and soft drinks for dine-in and carry out customers. DPFC may require Restaurants to offer and sell additional items, which may include salads and sandwiches, at any time in the future. Restaurants may be permitted to offer and sell beer and wine, subject to applicable laws. Restaurants are required to offer customer pick-up and may be required to offer delivery service.

Restaurants are to be operated from an indoor structure that need not be free-standing, but vary in size.

You must sign a Franchise Agreement for each Restaurant you develop and open. The Franchise Agreement grants you the right to operate a Restaurant at a specific location and licenses you the right to use ~~the trade name~~our designated marks, currently *1000° Degrees Neapolitan Pizza®* and *1000 Degrees° Pizzeria®,* and/or any other service marks, trademarks and/or logos we designate (the “Marks”). We have the right to change, modify or supplement the Marks at any time, in our sole discretion.

We may periodically make changes to the system, including changes to products and services offered, standards and facility, signage, equipment and fixture requirements. You may have to make additional investments in the franchised business periodically during the term of the franchise if those kinds of changes are made, or if your Restaurant’s equipment or facilities wear out or become obsolete, or for other reasons, including changes in the system standards. All Restaurants must be developed and operated to our specifications and standards. Uniformity of services and products sold in the Restaurant is important and you have no discretion in the products or services you sell. The franchise operates using our standards, methods, procedures and specifications, called our “System.”

The typical Restaurants will be "in-line" stores or pad sites, meaning they are developed in strip Restaurants or a retail lot adjacent to businesses and/or office buildings. Restaurants must consist of approximately 1,600 to 3,500 square feet in size. We prefer the Restaurant to be located in a space with ample parking, good visibility and visible signage.

System Restaurants are to feature our standards, specifications and procedures for operations; distinctive exterior and interior design, signage, decor, color scheme, fixtures and furnishings; proprietary recipes and methods of preparation and cooking; training and assistance; and marketing programs; all of which we may change, improve upon, further develop or discontinue at our discretion at any time.

As of December 31, ~~2014~~2016, there were ~~three~~ (a) twenty-one Restaurants in operation in the United States, one affiliate-owned Restaurant and twenty franchised locations, and (b) two franchised ~~locations, all three~~Restaurants in operation in Malaysia.

Development Agreement & Revenue Share Program

We may, in our sole discretion, offer opportunities to develop multiple Restaurants (currently a minimum of ~~which~~ten (10) restaurants) within a designated geographic area according to a pre-determined development schedule, and to participate in our Revenue Share Program, to interested and qualified candidates who meet our then-current criteria for multiple-unit development. Our criteria may include, among other things, extensive financial qualifications and substantial experience in operating franchised businesses in un-related, non-competitive brands. If you are ~~located in the state~~interested and qualify, and we elect to offer you the opportunity, you will enter into our then-current form of ~~New Jersey.~~ Development Agreement for the development of multiple Restaurants. Currently, we do not anticipate granting development rights for the development of less than ten Restaurants. You and we will mutually agree on an area to be defined in the Development Agreement as the "Development Area." We will determine, in our sole discretion, an estimate of the number of Restaurants the Development Area may then be able to support based on the population of the Development Area at the time our estimate is determined (the "Development Area Restaurants"). The Development Fee you will pay to us under the Development Agreement will be equal to $10,000 multiplied by the total number of Development Area Restaurants. You will be required to develop and open, directly or through affiliated entities that are owned entirely by you (or your owners, if you are a legal entity), not less than 1/3 of the total number of Development Area Restaurants. At the time you sign the Development Agreement, you will also pay to us a discounted initial franchise fee of $25,000 for each Restaurant you are required to develop under the Development Agreement. You will sign our then-current Franchise Agreement (but will not be required to pay an initial franchise fee) for each Restaurant you are obligated to open under the Development Agreement.

Under the Development Agreement, considering the payments agree to make to you pursuant to our Revenue Share Program, you will not receive any exclusive rights or protected territory rights, meaning we have the unrestricted right to open and operate, and to license third parties the right to open and operate, Restaurants anywhere in the Development Area during the Term of your Development Agreement.

Revenue Share Program. Once you open 50% of the Restaurants you are obligated to open under the Development Agreement (the "Revenue Share Commencement Date"), provided that you have strictly complied with your Development Schedule and have not committed a Material Default under your Development Agreement, our "Revenue Share Program" will commence. Under our Revenue Share Program, we will pay to you 25% of all initial franchise fees and royalty fees paid to us from un-related, third party franchisees who are licensed the right to open and operate a Restaurant in the Development Area during the period beginning on the Revenue Share Program Commencement Date, through the expiration of the Term of the Development Agreement. Under the Development Agreement, you are not granted the right, and you do not have any obligation, to solicit franchise sales in the Development Area, or elsewhere, and you have no obligation to provide any services to any franchisees in the Development Area.

A copy of our current Development Agreement is attached to this Disclosure Document as Exhibit C. You (or your approved affiliate) will be required to sign our then-current franchise agreement for each Restaurant you are obligated to open under the Development Agreement.

General Description of the Market and Competition

You compete with independent, franchised, national and local businesses that offer pizza. The market for pizza, including pizza carry out, dine-in and delivery service is well established and competitive. You will face other business risks that could have an adverse effect on your business, including pricing policies of competitors, changes to laws or regulations, changes in supply, cost of and demand for products, new technologies and competition that provide related products or services.

Regulations Specific to the Industry

We know of no trade or license regulations which specifically affect only the pizza industry apart from other segments of the food service industry. You must, however, comply with all local, state and federal laws and licensing requirements that apply to your Restaurant operations, including EEOC, OSHA, discrimination, employment and sexual harassment laws. The regulations and requirements concern, among other things: the fitness and adequacy of buildings and equipment; the appropriateness of materials and supplies; qualifications of staff members; staff training and licensing; record-keeping; health, fire and safety standards; disabilities of your employees and customers. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. For example, you must obtain real estate permits (such as zoning permits), real estate licenses and operational licenses. There are also regulations that pertain to sanitation, labeling, food preparation, food handling ~~and food service.~~, food service, and condition of restaurant facilities. You must also comply with laws that apply generally to businesses such as federal and state wage and hour and related laws. If you sell alcoholic beverages, you must obtain and maintain all necessary licenses, permits and approvals to do so, and you may also have liability under Dram Shop laws for injuries related to the sale and consumption of alcoholic beverages. You are required to investigate and comply with all applicable laws, rules and regulations, including local zoning requirements, which vary from jurisdiction to jurisdiction. You alone are responsible for complying with all applicable laws and regulations despite any advice or information that we may give you. You are strongly encouraged to consult with an attorney concerning these and other local laws and ordinances that may affect your Restaurant's construction and operation.

Agents for Service of Process

Our agents for service of process are listed on Exhibit A to this Disclosure Document.

ITEM 2.

BUSINESS EXPERIENCE

Founder, President and CEO: Brian Petruzzi

Our founder, Brian Petruzzi, serves as our President and CEO, positions he has held since our inception in May 2014. ~~-~~Mr. Petruzzi ~~also serves as~~is the President and CEO of Yogurt Werks, Inc. ("YWI") based out of Galloway, New Jersey (since October 2011) and previously held the position of President and CEO of our former affiliate, Yogo Factory Franchising, Inc~~. (since~~., also based out of Galloway, New Jersey, from February 2012~~) and Yogurt Werks, Inc. ("YWI") (since October 2011), both headquartered in Galloway, New Jersey.~~ through October 2016. Mr. Petruzzi ~~served as~~held the position of Chief Executive Officer of Marketing and Franchise Development for Island Sun Tanning from 2007 through August 2011 in Somers Point, New Jersey, and currently owns and operates, through separate legal entities, six Island Sun Tanning Salon & Airbrush franchises in New Jersey. Since January, 2010, Mr. Petruzzi has served as the President of Bronzz Products, Inc., based out of Galloway, New Jersey. Mr. Petruzzi also serves as President of Extreme Advertising, LLC, a position he has held since June 2009, and Global Life Enhancements, Inc., a position he has held since May 2003, both of which are currently based out of Galloway, New Jersey.

~~**Franchise Director: Rudolph Reinhold Clark**~~

~~Mr. Clark joined us as our Director of Franchise Development starting in June 2015. Mr. Clark concurrently serves as (a) owner of C&W Mechanical construction in Westville, New Jersey since February 2005, and (b) broker of Arrow Real Estate Services in Franklinville, New Jersey and Philadelphia, Pennsylvania since August 2012.~~

Vice President of Franchise Sales: ~~Daniel J. Caporaletti~~Lauren Heininger

~~Mr. Caporaletti joined us as our Vice President of Franchise in May 2015. Before joining us, Mr. Caporaletti served as: (a) a company support relations consultant for American Neighborhood Mortgage Acceptance Company from August 2014 through May 2015 in Laurel, New Jersey; (b) a consumer loan underwriter for Wells Fargo from February 2011 through June 2014; and (c) a mortgage consultant for Village Capital & Investment from October 2009 through January 2011 in Mount Laurel, New Jersey.~~
Ms. Heininger serves as our Vice President of Franchise Sales and has held this position since July 2016. Before being designated as Vice President of Franchise Sales, from July 2015 through July 2016, Ms. Heininger served in the franchise sales and development department. From December 2014 through June 2015, Ms. Heininger worked as the General Manager of the Bridgewater, New Jersey 1000° Degrees Pizzeria Restaurant. Before joining the 1000 Degrees

Pizzeria team, Ms. Heininger worked as: (a) a franchise training coordinator for our affiliate, Yogo Factory Franchising, Inc. from August 2012 through December 2014, based out of Sicklerville, New Jersey; and (b) the General Manger for an Island Sun Tanning salon located in Sicklerville, New Jersey from January 2009 through July 2012.

Director of Franchise Operations: John Edward Feltes Jr.

Mr. Feltes serves as our Director of Franchise Operations. Mr. Feltes joined us in June of 2014 and was designated as Director of Franchise Operations in May 2015. Before joining us, Mr. Feltes served as (a) Installed Sales Coordinator with Lowe's Home Improvement from March 2011 through May 2015 in Millville, New Jersey, and (b) Founder and sole member of Dutch Candle Co, LLC from July 2010 through December 2014 in Port Elizabeth, New Jersey.

Franchise Coordinator: Melissa Murphy

Ms. Murphy serves as our Franchise Coordinator, a position she has held since December 2015. Before Ms. Murphy was promoted to serve as Franchise Coordinator, she held the following positions: (a) from July 2015 through December of 2015, Ms. Murphy served as our lead trainer based out of our Galloway, New Jersey offices; (b) from December 2014 through July 2015 Ms. Murphy served as the manager for the Restaurant located in Bridgewater, New Jersey; (c) from May 2014 through December 2014, Ms. Murphy served as the assistant manager for the 1000 Degrees Pizzeria® Restaurant located in Millville, New Jersey. Before joining us, Ms. Murphy held the following positions: (a) store manager for the Yogo Factory® store located in Wildwood, New Jersey from May 2013 to October 2014; and (b) assistant store manager for the Yogo Factory® store located in Ocean City, New Jersey from May 2011 through May 2013.

Franchise Coordinator: Matt Merrill

Matt Merrill serves as our Franchise Coordinator, a position he has held since November, 2015. Before joining us, Mr. Merrill held the following positions: (a) Director of Marketing for Impact Remodeling based out of Hamilton, New Jersey from April 2011 through November 2012 and from July 2015 through September 2015; (b) Branch Manager of Cargroup Holdings LLC based out of Union, New Jersey from August 2014 through June 2015; (c) Server Trainer for TGI Fridays based out of Langhorne, PA from March 2008 through May 2009 and from January 2013 through June 2014; and (d) Sales/Telephone Lead Generator/B2B Marketing based out of Lawrenceville, NJ from October 2010 through April 2011.

ITEM 3.

LITIGATION

Pending Litigation

1. Inferno Group Holdings, LLC v. 1000 Degrees Pizzeria Franchise, Inc., (Circuit Court of the Fifteenth Judicial Circuit In and For Palm Beach County, Florida; Case #: 50-2017-CA-007615-XXXX-MB). On or about July 11, 2017, Inferno Group Holdings, LLC ("IGH"), a 1000 Degrees Developer, commenced a civil action against us for two counts: (i) Violation of the Florida Franchise Act and (ii) Fraud in the Inducement. The Compliant alleges that IGH was fraudulently induced to enter into the Area Development Agreement (the "ADA") based on certain alleged misrepresentations in the Franchise Disclosure Document provided to IGH before IGH signed the ADA. IGH seeks rescission of the ADA and FDD, judgment that the ADA and FDD are unenforceable against IGH, monetary damages in an unspecified amount, interest and attorneys' fees. We intend to file a Motion to Dismiss the Complaint and to vigorously defend our position in this matter.

Prior Actions Involving Item 2 Persons:

1. International Oddities Inc. v. Brian Petruzzi et al, (U.S.D.C. Central District of California; Case #: 2:06-cv-07300-GW-CW). On November 15, 2006, International Oddities Inc. ("Plaintiff"), a competitor of GLE, commenced a civil action against our President, Brian Petruzzi and Global Life Enhancements, Inc. ("GLE") (collectively, "Defendants") for trademark infringement, cyberpiracy, trade libel, unfair competition, contributory infringement, false designation of origin, false representation and false advertising based on Defendants' alleged unauthorized use of certain of Plaintiff's trademarks in connection with the sale of tobacco related products. On March 14, 2007, Defendants filed an answer and counterclaim against Robert Hillard vehemently disputing the allegations asserted against them. Defendants allege that they lawfully purchased over $1,000,000.00 in products from Plaintiff for resale purposes. On September 27, 2007, the parties reached a resolution of the dispute and entered into a confidential settlement agreement. Due to one late monthly payment, a Stipulated Judgment in the amount of $300,000, less payments made to Plaintiff, was entered against Defendants on December 19, 2008.

2. Better Life Products et al v. Michael Kulich et al. (U.S.D.C. Central District of California; Case #: 2:07-cv-06886-GHK-SH). On October 22, 2007, Better Life Products ("Plaintiff") filed a complaint against Michael Kulich, Brian Petruzzi, and Global Life Enhancements ("GLE") alleging RICO violations. Plaintiff alleged that Michael Kulich, a former employee of Plaintiff (a competitor of GLE), downloaded Plaintiff's customer and other confidential information and was thereafter employed by GLE, Plaintiff's competitor. GLE denied the allegations asserting that GLE refused to employ Kulich based on a non-competition provision contained in Kulich's prior employment agreement. Plaintiffs commenced action against Defendants under the federal RICO statute. On January 17, 2008, Defendants filed an answer with affirmative defenses and a counterclaim against Plaintiffs for unfair competition in violation of California Business and Professions Code Section 17200 arising from Plaintiffs'

alleged unlawful advertising activities. The parties entered into a confidential settlement agreement resolving their disputes on November 5, 2008 and the case was voluntarily dismissed by the parties.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4.
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5.

INITIAL FEES

Franchise Agreement

Initial Franchise Fee

You must pay an Initial Franchise Fee of $~~25,000~~29,500 to us for your Restaurant (the "Initial Franchise Fee"). The Initial Franchise Fee is due in full upon signing the Franchise Agreement. The Initial Franchise Fee is uniform and is non-refundable upon payment. During our fiscal year ended December 31, 2016, we collected initial franchise fees ranging from $22,125 to $29,500.

~~Initial~~ **Development** ~~Package~~**Agreement**

~~Before you open the Restaurant, you must purchase from us the "Initial Development Package." The Initial Development Package currently includes: pizza oven, pizza tables, pizza boxes, refrigerated pizza tables, wax paper, refrigerators, work table, shelving wire, sinks, faucets, hand washers, utility carts, a freezer, flooring, tile, cabinets, lights, booths, stools, televisions, granite, the POS system, an ipad holder, front window wrap, multicolor, RGB LED for counters, kiosks and bars, exterior signs, cups, table graphics, and door graphics. The current cost for the Initial Development Package ranges from $75,000 to $250,000, depending upon the size of your location, with the low range applicable to smaller locations of approximately 1,600 square feet and the high range applicable to larger locations of approximately 3,500 square feet. The fee you pay us for the Initial Development Package is non-refundable.~~

Development Fee

If you are granted the opportunity to enter into a Development Agreement, as disclosed in Item 1, you and we will mutually agree on an area to be defined in the Development Agreement as the "Development Area." We will determine, in our sole discretion, the number of Restaurants the Development Area is then able to support based on the population of the Development Area (the "Development Area Restaurants"). The Development Fee you will pay to us under the Development Agreement will be equal to $10,000 multiplied by the total number of Development Area Restaurants. You will be required to develop and open, directly or through affiliated entities that are owned entirely by you (or your owners, if you are a legal entity), not less than 1/3 of the total number of Development Area Restaurants. You will also pay us a discounted initial franchise fee in the amount of $25,000 for each Restaurant you are required to open under the Development Agreement when you sign the Development Agreement (the "Initial Franchise Fees"). For example, if you sign a Development Agreement with 30 Development Area Restaurants, you will be required to open and operate (directly or through a Developer Affiliate) 10 Restaurants in the Development Area. In this example, you will be required to pay to us a Development Fee equal to $300,000, and a prepayment of initial franchise fees in the amount of $250,000 when you sign the Development Agreement. The Development Fee and Initial Franchise Fees are deemed fully earned and non-refundable upon payment. If you are unable to open the Restaurants you are obligated to open under the Development Agreement, or if the Development Agreement is terminated for any reason, you will not receive any refund of any portion of the Development Fee or the Initial Franchise Fees.

Except as disclosed in this Item, you are not required to pay any other fees to us and/or our affiliates before you open your Restaurant.

ITEM 6.

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	6% of gross sales for your first Restaurant; 5% of gross sales for your ~~first Restaurant; 4.75% of gross sales for your~~ second ~~through your tenth Restaurants; and 4.5% of gross sales for your eleventh~~ and each subsequent Restaurant	Payable monthly on or before the 15th day of each month	You must pay the monthly royalty fee directly to us. See definition of gross sales. (NOTE 1) (NOTE 3)
Advertising Fee	Up to ~~1.75~~2% of gross sales	Payable monthly on the 15th day of the subsequent month	You pay the monthly Advertising Fee to us. (NOTE 3)
Local Advertising	2% of gross sales	Monthly	You pay directly subject to our approval.
Audit	Cost of audit, plus 18% interest on the underpayment from the date of the underpayment	Immediately upon receipt of invoice.	We will have the right, at any time, to audit or to have an independent audit made of your books and records. If an inspection shows that any payments have been understated by you in any report to us, then you must pay to us the amount understated plus interest in the amount of 18% per annum, or the maximum rate permitted by law, whichever is less. Audits are conducted at our expense, however, if an audit shows an underpayment by you of 2% or more, then, in addition to repayment of monies owed, with interest, you must reimburse us for all costs and expenses we incur by for the audit, including travel, lodging and wage expenses, and reasonable accounting and legal costs.
Interest on Past Due Amounts	18% per year or the highest amount allowed by applicable law, whichever is less.	Upon invoice.	Charges will be uniformly imposed on a state-by-state basis in conformance with applicable state laws regulating interest rates.
Bank Charges and Fees	Charges and Fees assessed by banks and third parties as a result of default in EFT payments	When assessed	If any EFT payment is not honored by your bank for any reason, you are responsible for the dishonored payment plus any bank or other charges incurred by or assessed upon us.

Costs of enforcement	All costs, including total amount of attorney's fees incurred as a result of any act or omission as well as fees incurred for enforcing this agreement.	Upon invoice.	You are obligated to reimburse us for costs and attorney's fees incurred as a result of any act or omission as well as for fees incurred for enforcing this agreement.
Approval of Products or Suppliers	Approximately $500 - $1,500	Time of evaluation	Applies to the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase.
Insurance Policies	Amount of unpaid premiums plus 10% of the cost of the insurance procured to reimburse us for our time and expense in obtaining the policies	Upon demand	Payable to us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Transfer Fee	$15,000	Prior to consummation of the transfer.	Payable to us when you transfer your franchise. There is a $1,000 charge if you submit a proposed transfer to us for our approval, but do not affect the transfer. No charge if your franchise is transferred to an entity that you wholly own and control during the first six months of the Term. A $500 charge if you transfer your franchise to a corporation in which you own an interest, but less than a 100% interest.
Successor Franchise Fee	$15,000, non-refundable	Upon signing Successor Franchise Agreement.	Payable upon signing of your successor franchise agreement.
Local Advertising Deficiency Fee	1% of Gross Sales	Monthly expenditures required to be spent by you on local advertising.	Uniformly Imposed. If you fail to expend the local advertising requirement as directed, we have the right to require you to pay us any unexpended amounts to be used for advertising and marketing in your local area.
System Modifications	Cost of implementation, unlimited.	As required	If we make changes to our System, you must adapt your business to conform to the changes. Some examples of changes include new equipment, fixtures, software or incorporation of new Marks.
Offset Fee	$1,500	Upon receipt of our approval to relocate.	If you request the right to relocate your Restaurant, and we approved the relocation, you must pay us an offset fee of $1,500.
Additional Hourly Training Fee	You shall pay us our designated hourly rate and reimburse us for all out-of-pocket expenses incurred by our training instructor, including travel expenses, food, lodging and auto rental. (currently $125 per	Additional Training – as incurred before beginning of program.	Members of your Franchisee Training Team in excess of those we require to attend must pay our then-current training fees. You are responsible for all travel and living expenses for you and your Franchisee Training Team. We may require you to attend or undergo additional training during the term of your franchise and we

	hour)		may charge you additional training fees for this additional training.
Temporary Management Assistance	Currently, $600 per day, plus our expenses and costs	Each day that it applies	If you breach the Franchise Agreement or following the death or incapacity of an owner of the franchise, we may temporarily manage your franchised restaurant.
Annual Conference Fee	We may require you to attend one annual conference each year. You will be required to pay a registration fee (currently estimated at $500) and you will be responsible for all out-of-pocket expenses incurred by you in connection with your attendance, including travel expenses, food, lodging and auto-rental.	On the annual conference registration deadline date designated by us.	You will not be required to attend more than one annual conference each calendar year.
Indemnification	All costs including actual attorneys' fees	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the franchised restaurant. We also provide indemnification to you for any lawsuits or claims arising from your authorized use of the Marks.
Liquidated Damages	Aggregate Royalty Fees and Continuing Advertising Fees due to us during the 36 month period immediately preceding termination	Upon termination	If the Franchise Agreement is terminated as a result of your default prior to the expiration of the Term, you must pay us liquidated damages equal to the aggregate Royalty Fees and Continuing Advertising Fees accrued under your Franchise Agreement during the 36 full calendar months during which the Restaurant was open and operating immediately before the termination date. If the Restaurant has not been open and operating for 36 months before the termination date, liquidated damages shall be equal to the average monthly Royalty Fees and Continuing Advertising Fees accrued under the Franchise Agreement for all months during which the Restaurant was open and operating multiplied by 36. If there are less than 36 months remaining on the Term, the liquidated damages shall be calculated by multiplying the amount calculated above by a

			fraction, the numerator of which is the number of calendar months (including partial months) remaining on the Term, and the denominator of which is 36.
Taxes (Note 2)	Amount of tax or fee	When assessed	If any tax or fee (other than federal or state income tax) is imposed on us by any government or governmental agency due to our receipt of fees you pay to us under the Franchise Agreement, you must pay us the amount of such tax or fee as an additional franchise fee.

NOTES

GENERAL NOTE: All fees imposed by, paid to and collected by us are non-refundable. For all franchises offered pursuant to this disclosure document, all fees described in this Item 6 are uniformly imposed, however, in some circumstances under which we deem appropriate, we reserve the right to waive or reduce some or all of these fees for a particular franchisee. We require that all fees payable to us be paid through an electronic fund transfer, including automatic debits from your bank account(s), unless we specify otherwise.

Note 1: "Gross Sales" shall mean all revenue derived from the sale of any and all products and services, and all other income of every kind and nature, related in any way to the Franchised Business, whether for cash or credit (and regardless of collection in the case of credit) and whether or not such sales are made at or by the Franchised Business, including but not limited to catalog or mail order sales, internet sales (or the like), sales to restaurants, clubs, hotels and the like, and corporate gifts; *provided*, *however*, that you may deduct any sales taxes which were collected by you as required by law.

We reserve the right to, in writing, approve granting franchises with lower royalty fees in certain limited circumstances. Currently, if you are a Qualified Multi-Brand Franchisee, your royalty fee will be reduced to 5%. Before varying from standard fees, we will take into account many factors, including prior experience and financial capabilities. We may offer incentives in new or developing markets. Incentives may be offered to new and/or existing franchisees. We anticipate that any reduced fees will only apply to franchisees who are in compliance with all of our agreements and requirements. ~~We~~Except as expressly disclosed above, we are not currently offering an incentive program, but may do so at any time in the future. We reserve the right to cancel or modify any future incentive program we may offer. You will not be entitled to receive the benefits of any such incentive programs unless agreed by us in writing.

Note 2: If your state, or any governmental body in your state, charges a tax on the royalty we receive from you, then you are required to pay an additional earned service fee equal to the amount of this tax. This does not apply to any federal or income taxes we have to pay.

Note 3: We currently require you to pay all fees and sums due to us by electronic funds transfer (EFT). You must provide us all of the bank and other forms we need to set up or change EFT authorization. We will also require you to report your Gross Sales to us electronically over the Internet via e-mail. You must have computer equipment capable to accessing and using the electronic form. We reserve the right to withdraw the electronic payment form at any time and designate another form and payment procedure that you will be required to follow.

[The remainder of this page is intentionally left blank.]

ITEM 7.

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Franchise Agreement

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	$~~25,000~~29,500	Lump Sum	At the Signing of the Franchise Agreement	Us
Tile Package (Note 2)	$1,400 - $20,000	Lump Sum	Upon Invoice	Designated Vendors/Third Parties
Initial Development Package (Note 2)	$~~75,000~~81,700 to $~~250,000~~190,500	Lump Sum	Before Opening/Upon Invoice	~~Us~~Designated Vendors / Third Parties
Construction Design and Engineering Fees (Note 4)	$8,000 to $25,000	Lump Sum	As Incurred	Third Parties
Leasehold Improvements (Note 4)	$~~7~~65,000 to $~~100~~360,000	Lump Sum	As Incurred / Before Opening	Vendors/Designated Suppliers/Service Providers
Grand Opening Advertising	$~~5~~10,000 – $25,000	As Incurred	As Incurred/Before Opening	Vendors/Designated Service Providers
Permits (Note 5)	$500 - $5,000	Lump Sum	Before Opening	Third Parties
Legal Expenses	$500 – $2,000	As Incurred	Before Opening	Third Parties
Insurance	$750 – $3,750	As Incurred	Before Opening	Third Parties

Travel and Living Expenses while Training (Note 6)	$800 to $3,500	As Incurred	During Training	Airlines, Hotels, Restaurants, Etc.
Real Estate Rental Fees (inclusive of security and utility deposits) (first 3 months) (Note 7)	$1,000 - $45,000	Lump Sum	As Incurred	Service Providers
Opening Inventory (Note 8)	$4,000 - $20,000	Lump Sum	As Incurred	Designated Vendors
Additional Funds (first 3 months) (Note 11)	$15,000 to $~~50~~35,000	Lump Sum	As Incurred	Service Providers; Vendors; Suppliers; Third Parties
TOTAL	$~~134,550~~218,150 to $~~479~~764,250			

NOTES

GENERAL NOTE: The above chart lists estimates of the initial investment funds necessary to open a ~~*1000° Degrees Pizzeria®*~~ Restaurant. These are estimates only, as most costs are not within our control and may change at frequent intervals. We cannot, and do not, guarantee that your costs will fall within the stated ranges. These estimated ranges are based on market research ~~and~~, our affiliate's experience in developing the ~~first~~ affiliate-owned Restaurants, and information provided to us by some System franchisees in connection with the development of franchised Restaurants. Not all System franchisees provide us information regarding the development costs incurred in opening a Restaurant~~, which is opened in May 2014~~. These estimates are likely to vary based on a number of factors, including your specific location and market. Costs are constantly changing and your costs may be higher. You are strongly advised to diligently investigate all potential costs with a qualified business advisor before proceeding with this investment to gain a better understanding of your expected individual costs and expenses.

Note 1. The Initial Franchise Fee for a Restaurant is $~~25,000~~29,500. The Initial Franchise Fee is due and payable in full when you sign the Franchise Agreement and is non-refundable under any circumstances. See Item 5 for more details regarding the Initial Franchise Fee.

Note 2. —You ~~are required to~~must purchase items in the Initial Development Package from ~~us.~~our designated suppliers. The Initial Development Package includes, among other items, the following:

Item	**Estimated Cost Range**

~~Signage~~Tile	$~~18,000 - $40~~1,400 to $20,000
Signage	$16,500 - $28,500
Equipment (inclusive of oven, coolers, refrigeration tables, refrigeration units and trays, and ~~booth tables~~mixer)	$~~11,500 - $85~~46,000 - $125,000
POS System	$~~5,000 - $25~~1,500 - $6,000
Televisions	$~~3,000 - $15~~1,600 - $9,000
Security System	$~~1,600 - $3~~2,000 - $5,000
Miscellaneous	$~~35,900 – $82~~14,100 – $17,000
Total	$83,100 - $210,500

The Miscellaneous category includes: work table(s), shelving wire, sinks, faucets, hand washers, utility carts, freezer (s), flooring materials, ~~tile,~~ cabinets, lights, booths, stools, granite, front window wrap, machine lighting, kiosks and bars, cups, pizza tables, pizza boxes, wax papers, table graphics, and door graphics.

The security system consists of 5 cameras including one pan, tilt and zoom camera from our designated or approved suppliers. We have the right to access your security system, including video surveillance, at any time to ensure brand protection and consistency with system requirements, without your prior approval.

The current cost for the Initial Development Package ranges from $~~75,000~~83,100 to $~~250,000~~210,500. We may negotiate arrangements with suppliers of ~~certain~~some or all of the items included in the Initial Development Package ~~based on our commitment to purchase the items in bulk. We~~ and we may ~~include a mark-up as we determine in our sole discretion, which we currently estimate at 1% to 35%, on these items to cover our costs, expenses and risks associated with our bulk purchasing. As disclosed in Item 8, we~~ derive revenue from these suppliers on account of ~~your~~franchisee purchases ~~of these items.~~ . We reserve the right to modify these arrangements at any time~~, to stop supplying these items directly at any time, and/or to require you to purchase any or all of these items from designated, approved or other third party suppliers~~.

Note 4.~~-~~ The construction, leasehold improvements and real estate rental fees vary depending on a number of factors including the size, location, existing leasehold improvements and costs of construction in the area of the Restaurant. Your location must conform to our specifications. Costs are influenced by local building standards and labor rates. If the premises are leased, the lessor's contribution toward the cost of construction, if any, may be a factor that will affect initial costs as well as on-going rent. These costs will vary based on building size, configuration and condition of the premises, material costs, construction costs, labor costs, installation costs, geographic location, requirements imposed by government and distance from suppliers. Payments for building or leasehold improvements are made to third party contractors and suppliers not related to us. Payments to these contractors and suppliers are typically made as the services are received or when the stages of work are completed. These payments are usually not refundable. Real estate/space development costs vary considerably. Your costs can be higher depending on the site and code requirements, and other factors.

Note 5. You are responsible for obtaining all necessary permits required for the development, opening and operation of the Restaurant. The costs for permitting vary from location to location.

Note 6. The range in the chart is based upon three persons attending the training program. This range increases if additional persons attend the training program.

Note 7. ~~The estimate provided in the chart is based on our affiliate's experience in developing and operating the one affiliate-owned Restaurant in New Jersey.~~ Real estate rental fees vary extensively depending upon your area and specific location. You are strongly advised to consult with a business advisor to determine a more appropriate estimate of the real estate rental fees, costs and expenses you are likely to incur in the area in which you wish to open a Restaurant before signing the franchise agreement.

Note 8. The range in this chart represents an estimate for opening inventory requirements. Your costs may vary depending on factors such as the size of the location and any upgrades or changes in the specifications.

Note 9. You must conduct a Grand Opening advertising and marketing campaign, as approved by us in advance. The estimated range in the above chart includes print materials, facebook® and other social media promotions, t-shirts and free product food costs. We require that you conduct certain social media advertising as we designate. Your costs can vary depending on your territory cost of media and how extensive a marketing campaign you choose.

Note 10. You must obtain insurance policies protecting both yourself and us, and your and its respective officers, directors, partners, and employees, against any demand or claim for personal injury, death, or property damage, or any loss, liability, or expense arising from the operation of your Restaurant. These policies must be written by a responsible carrier or carriers acceptable to us, and must include, at a minimum (unless we required additional coverage and higher policy limits), the following:

1. Comprehensive General Liability Insurance, including broad from contractual liability, broad form property damage, personal injury, completed operations and products liability, in the amount of $1,000,000 combined single limit, and fire damage coverage in the amount of $50,000.00, and naming us as an additional insured; and

2. "All Risks" coverage for the full cost of replacement of the Restaurant and the leasehold improvements and all other property in which we have an interest, with no coinsurance clause, a replacement cost clause attached, agreed amount endorsement equal to 100% of the value of the property; and

3. Employer's Liability, Workers' Compensation and any other insurance required by statute or rule of the state or locality in which your Store is located; and

4. Business interruption insurance, in an amount equal to 100% of your annual Gross Sales, excluding ordinary payroll expenses, and naming us as an additional insured; and

5. If we require you to provide delivery services, you will need a vehicle to provide such services. You may use a vehicle you own, subject to our approval. If you do not own a vehicle, you may need to purchase or lease a vehicle (the Additional Funds category covers costs associated with

leasing a vehicle for the first three months of operation). You must also obtain and maintain "automobile liability" insurance, including coverage of vehicles not owned by you, but used for your Restaurant, with a combination of primary and excess limits of at least $1,000,000.

You may, with our consent, have reasonable deductibles for the coverages described in sub-paragraphs 1 and 2 above. If you perform any construction, renovation, refurbishment or remodeling of your Restaurant, you must also obtain Builder's All Risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to us. You must provide us with a Certificate of Insurance evidencing these insurance coverages.

Note 11. The "Additional Funds" category includes estimated start up costs calculated for a period of three months, with additional operating capital to be available as may be needed during the initial phase. These expenses do not include owner's salary or draw. These amounts are estimates only and specific amounts will vary. ~~We cannot and do not estimate when, or~~The start up phase and the estimates disclosed in this category are not an indication of whether any franchisee will achieve a positive cash flow or profits during this period, or any period. ~~These amounts are estimates only and specific amounts will vary.~~

Note 12. This chart provides estimates of your initial start-up expenses and does not include ongoing marketing and advertising expenses or percentage rent payable under the terms of your lease. Depending on the size of the Store, these estimates may vary. These figures are estimates only ~~based upon our affiliate's experience in developing and operating one affiliate-owned location. We cannot and do not guarantee that you will not~~. You may have different or additional expenses starting your business. Your costs will depend on your management skill, experience and business acumen; local economic conditions; the local market for the Restaurant's goods and services; competition; and the sales level reached during the initial period. You are strongly advised to review these figures carefully with a business advisor before making any decision to purchase the franchise. All fees payable to us are non-refundable. The terms you negotiate with outside suppliers or third parties govern the refundability of all payments to them.

Development Agreement

TYPE OF EXPENDITURE	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Development Fee (Note 1)	$300,000 *[$10,000 multiplied by the total number of Development Area Restaurants. This Table displays the development fees for a Development Area supporting 30 Restaurants]*	Lump Sum	At the Signing of the Development Agreement	Us

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fees (Note 2)	$250,000 *[$25,000 multiplied by the number of Restaurants Developer is required to open and operate. This Table displays the initial franchise fees for the required development of 10 Restaurants by Developer.]*	Lump Sum	At the Signing of the Development Agreement	Us
Initial Investment for your first Franchised Restaurant to be developed under the Development Agreement (Note 3)	$188,650 to $734,750 *[The initial investment range disclosed in Table 1 for the first Restaurant Developer is obligated to open under the Development Agreement, less the $29,500 initial franchise fee disclosed in Table 1.]*	See Item 7 Chart above for Franchise Agreement	See Item 7 Chart above for Franchise Agreement	See Item 7 Chart above for Franchise Agreement
TOTAL (Note 4)	$738,650 to $1,284,750			

Notes.

Note 1. If you are granted the opportunity to enter into a Development Agreement, as disclosed in Item 1, you and we will mutually agree on an area to be defined in the Development Agreement as the "Development Area." We will determine, in our sole discretion, an estimate of the number of Restaurants that may be developed in the entire Development Area as of the date the estimate is determined based on the population of the Development Area (the "Development Area Restaurants"). The Development Fee you will pay to us under the Development Agreement will be equal to $10,000 multiplied by the total number of Development Area Restaurants. The Table above is based on a Development Area with a total of 30 Development Area Restaurants. Note, the estimate of Development Area Restaurants is not a representation of the total number of Restaurants that will be developed in the Development Area during the term of the Development Agreement. The Development Fee for a Development Area with a total number of 30 Development Area Restaurants is $300,000. If you sign a Development Agreement for a Development Area that includes more than 30 Development Area Restaurants, your Development Fee will be higher than the fee disclosed in the above Table and will be calculated by multiplying $10,000 times the number of Development Area Restaurants. If you are unable to open the Restaurants you are obligated to open under the Development Agreement, or if the

Development Agreement is terminated for any reason, you will not receive any refund of any portion of the Development Fee.

Note 2. In addition to the Development Fee, you will also be required to pay to us, when you sign the Development Agreement, a pre-payment of an initial franchise fee of $25,000 for each Restaurant you are obligated to open and operate directly or through a Developer Affiliate, under the Development Agreement. The Initial Franchise Fee figure displayed in the above Table is based on a Development Agreement that requires you to open and operate 10 Restaurants directly or through a Developer Affiliate within the Development Area. If you sign a Development Agreement that requires you to open more than 10 Restaurants, your pre-payment of initial franchise fees will be equal to $25,000 multiplied by the number of Restaurants you are required to open and operate directly or through a Developer Affiliate under the Development Agreement. The prepayment of initial franchise fees is non-refundable upon payment. If you are unable to open the Restaurants you are obligated to open under the Development Agreement, or if the Development Agreement is terminated for any reason, you will not receive any refund of any portion of the Initial Franchise Fees.

Note 3. The range estimated in the first Table in this Item 7, less the initial franchise fee of $29,500, applies for each Restaurant you are obligated to open and operate under the Development Agreement. The above Table includes the estimated initial investment range for the first Restaurant you are obligated to open. You will incur initial investment expenses for each Restaurant you are required to open and operate under the Development Agreement.

We make no representation that your costs will come within the ranges estimated and cannot guarantee that you will not incur additional expenses entering into a Development Agreement. Unless otherwise noted, all payments are non-refundable or are refundable only under any agreement between you and the vendor or supplier to whom you have made the payment.

ITEM 8.

RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS

We have spent considerable time, effort and financial resources to develop the ~~*1000° Degrees Pizzeria®* franchise system (the "System").~~System. We have established standards and specifications for most of the goods and services used in the operation of the Restaurant. The System is subject to modification, change and improvement going forward. You must conform to our System standards, including high standards of quality, safety, cleanliness, appearance and service. We anticipate that our standards will change over time. You must adhere to these changes. Our requirements are critical to assure the quality, safety and consistency of the goods and services provided by Restaurants in the System, and to protect and enhance the image of the Marks.

You must, at your expense, construct, improve and operate the Restaurant under the System and in accordance with our standards and specifications, as set forth in our Manual and other publications we issue from time to time. You must, at your expense, purchase or lease, install and use all fixtures, signage, equipment, furnishings, improvements, supplies, other products and items (including point of sale, computer hardware and software, security systems), decor items, related items and services we require, all of which must conform to the Manual and our standards, specifications and other publications we issue from time to time. You have no discretion in the development of the Restaurant. You may not install or permit to be installed at the Restaurant any fixtures, furnishings, equipment, decor items, signs, games, vending machines or other items that do not comply with our standards without our prior written consent.

You must maintain in sufficient supply, use and sell at all times only the services, items, products, materials, supplies and goods designated by us. You may not deviate from our standards and specifications in any way without obtaining our written consent first, which we are not required to give. You must sell and offer for sale only those items, products and services that we expressly approve for sale in writing. You must offer for sale all programs, products and services we require in the manner and style we require. You must immediately discontinue offering for sale any items, products and/or services we may disapprove in writing at any time.

We have the right to, and expect to, supplement or modify the Manual and our standards, specifications and other publications we issue in our sole discretion, at any time. We will provide written notice to you of any charges.

We require you to purchase certain products, services~~,~~ (including construction and site development services), signs, furnishings, supplies, fixtures, inventory, computer hardware and software, and equipment from our designated distributors~~ we have approved~~ (collectively, "suppliers"). You must purchase all goods, items and services required for the development and operation of the Restaurant from our approved or designated suppliers for any given item ~~of~~or service. We will provide you with a list of suppliers, which list may change over time.

Currently Required Purchase from Us or our Affiliates

~~Currently, you are required to purchase the Initial Development Package and all paper products, inclusive of pizza boxes, wax paper and cups, from us.~~ Currently, you are not required to purchase any~~ other~~ goods or services from us or our affiliates, however we reserve the right to require you to purchase any item, good or service from us and/or our affiliates and/or our designated supplier in the future at any time. We and/or our affiliates will derive revenue and other material consideration on account of these and other purchases.

We also derive revenue on account of your purchases from us, our affiliates and any other supplier without limitation. The amount of markup and pricing for required purchases is subject to the absolute discretion of the DPFC.~~ DPFC will be free to act in its own self-interest without any obligation to act reasonably or to act subject to any other standards of care limiting DPFC's rights.~~

System Modifications

We have the right to supplement, improve and otherwise change the System at any time, including in response to the opportunity to offer new services and products to customers of Restaurants operating under the System, the experience of Restaurants over time and other factors. We will have full control and discretion over any of these developments and you must comply with all reasonable requirements, including offering and selling new or different products or services specified by us. System modifications may be transmitted via the Internet, mail or through modifications to the Manual.

Authorized Suppliers

We provide you with a list of all then-current approved suppliers and distributors during the training program, or before you open your Restaurant. We may designate additional suppliers, or remove any supplier from our approved list at any time. We reserve the right to purchase items exclusively from us and/or our affiliates in the future. ~~Currently, you must purchase food and beverage items from our designated supplier.~~

Currently, you must all items from our designated suppliers. You must purchase the following from exclusive designated suppliers: food and beverage items, paper products (including wax paper and pizza boxes), and the POS System.

Derived Revenue

~~As of the December 31, 2014, we derived $0 in revenue on account of required franchisee.~~

We may derive revenue on account of your purchases of any and all products and services. We and/or affiliates may charge you markups on products and services sold to you by us and or our affiliates and there is no limitation on the amount of any such markups.

As of the issuance date of this Disclosure Document, certain approved and designated suppliers rebate a percentage of sales or a flat amount to us on account of franchisee purchases and leases. Unaffiliated suppliers currently pay us approximately 1% to 10% of their revenue from franchisee purchases of certain items, and our designated, exclusive supplier of beverage products pays us $.00198 per finished ounce of beverage product purchased from System Restaurants.

As of the fiscal year ended December 31, 2016, we derived $93,729 in revenue, or 13% of our total revenues of $736,705, on account of required franchisee purchases.

Except as disclosed in this Item, we have not currently established any purchasing arrangements with designated suppliers and do not receive any payments on the basis of required franchisee purchases. We reserve the right to establish purchasing arrangements with designated suppliers and to receive payments and other consideration on the basis of required franchisee purchases at any time in the future.

Furniture, Fixtures and Equipment

You must purchase furniture, fixtures, equipment, including point of sale and computer hardware, software, security systems, inventory, signage, decor and services we require from suppliers we designate under specifications set forth in the Confidential Operations Manual (the "Manual").

You must at your expense, construct, improve and operate the Restaurant under the System and in accordance with our standards and specifications as set forth in the Manual and other publications we may issue from time to time. These specifications include standards and specifications for the appearance, quality, price, performance and functionality. These standards and specifications will be based on our affiliates' experience in operating ~~an educational~~a Restaurant of the type we are franchising and through research and testing. We may communicate our standards and specifications directly to suppliers who wish to supply you with furniture, fixtures, equipment, inventory and signage under specifications. We communicate our standards and specifications to you when we evaluate your proposed location for the franchised Restaurant during training, before you conduct your grand opening advertising, during on-site opening assistance, during periodic visits to your franchise location and through the Manual (including periodic bulletins). We will periodically issue new standards and specifications (if any) through written notices. While we have created standards and specifications for the development of your franchised Restaurant, we have not designated any vendors and suppliers.

One of the individuals listed in Item 2 owns an interest in us. With the exception of this disclosed interest, as of the issuance date of this Disclosure Document, no officer of the franchisor or anyone listed in ITEM 2 has any ownership or other interest in any System supplier.

New Products and Services, Review Criteria

If you would like to purchase any (a) item bearing any of the Proprietary Marks; or (b) goods or services in establishing and operating the Restaurant that we have not approved, (for goods and services that must meet our standards, specifications or that require supplier approval), you must first send us sufficient information, specifications and samples for us to determine whether the goods or services comply with our standards and specifications or the supplier meets our approver supplier criteria. You must pay our expenses to evaluate goods, services or suppliers. We will decide within a reasonable time (usually 30 days) after receiving the required information whether you may purchase or lease the goods or services or from the supplier. Our criteria for approving or revoking approval of suppliers include: the supplier's ability to provide sufficient quantity of goods; quality of goods or services at competitive prices; production delivery and capability; and dependability and general reputation. Our decision, however, to approve or revoke approval of suppliers is subject to our sole and absolute discretion, without regard to any standard of reasonableness or other standards of care limiting our rights. We reserve the right to require you to purchase all items from us or a designated supplier in the future.

Periodically, we may review our approval of any goods, services or suppliers. We will notify you if we revoke our approval of goods, services or suppliers, and you must immediately stop purchasing disapproved goods or services, or must immediately stop purchasing from a disapproved supplier. Additionally, we may, but are not required to, negotiate pricing arrangements, including volume discounts on behalf of our franchisees with our suppliers. Volume discounts may not be available to franchisees located in outlying markets that a particular supplier does not serve in significant volume. Presently, there are no purchase or supply agreements in effect and no purchasing or distribution cooperatives that you must join.

We estimate that approximately ~~50~~40% to 90% of your expenditures for leases and purchases in establishing your franchised Restaurant will be for goods and services that must be purchased from us, our affiliates or an approved supplier. We estimate that approximately 40% to 90% of your expenditures on an ongoing basis will be for goods and services that must be purchased from either us, our affiliates or approved supplier.

~~We do not guarantee the~~The availability of independent sources of supply for any particular item, product or service require to established or operate your Restaurant~~.~~ is outside of our control. We do not provide material benefits to you (including renewal rights or the right to additional franchises) based on whether you purchase through the sources we designate or approve. We have no purchasing or distribution cooperatives serving our franchise System.

We must approve your Restaurant location and your lease agreement. The terms of the lease agreement which you may be required to enter into for your Restaurant are described in Item 11 below.

At our request, you must sign a Security Agreement which creates a security interest for our benefit in your inventory items, fixtures and equipment and other assets owned by you and used for the operation of, or related to, your Restaurant, in order to secure your obligations to us. The Security Agreement is included in Item 22 below of this Disclosure Document. You must sign a Collateral Assignment of Lease agreement assigning all of your rights under your lease agreement to us, at our option, if your Franchise Agreement is terminated or expires. The Collateral Assignment is included in Item 22 of this Disclosure Document.

You must purchase and use the computer software services and electronic cash register system designated by us from our designated supplier. See item 11 for additional disclosures relating to the POS system. We reserve the right to change our supplier of software services and electronic cash register system at any time. You must comply with all such changes at your sole cost and expense.

Insurance

You must obtain and maintain insurance, at your expense, as we require. ~~See Item 11 for more information on insurance requirements.~~ See Items 7 and 11 for more information on insurance requirements. You must ensure that all insurance policies name us and our owners, officers, directors and employees as additional insureds (on a primary and non-contributory basis), and contain a waiver of subrogation in favor of us and our owners, officers, directors and employees. Before opening for business, you must provide us with certificates of insurance for all policies and you must obtain any other insurance required by law. You must maintain in good standing all required insurance during the term of the Franchise Agreement and immediately notify us of any lapse, alteration or cancellation of any policy or coverage. We may revise any insurance requirements on notice to you.

Grand Opening Advertising & Ongoing Advertising

You are also required to expend certain amounts on your grand opening advertising and ongoing local advertising. All advertisements must be approved by us in writing before use. You must provide us with proof of these expenditures.

Development Agreement

Under the Development Agreement, you are required to find sites that meet our then-current standards and specification for each of the Restaurants you are obligated to open under the Development Agreement. You are not permitted to sign any lease agreement before you submit the agreement to us for our review and approval. We have the right to require you to incorporate certain terms and agreements with the lease for the Restaurant premises. We have the right to require you to use our designated site selection and real estate service providers at any time. Except as set forth in this paragraph not required to buy or lease any goods, services, fixtures, equipment, inventory, computer hardware or software, real estate or comparable items from us, our designees or approved suppliers, or according to our specifications.

Except as stated in this Item 8, there are no goods, services, supplies, equipment, computer hardware and software or real estate which you must purchase or lease from us or our designee or from suppliers approved by us.

~~*[The remainder of this page is intentionally left blank.]*~~

ITEM 9.

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other ITEMS of this Disclosure Document.

OBLIGATION		SECTION IN AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site Selection And Acquisition/Lease	Article 2 of the Franchise Agreement	Section 3	Item 7 and 11
b.	Pre-Opening Purchases/Leases	Sections 4.2, 4.3 and 8.4, 9.1 through 9.6 of the Franchise Agreement	Section 3	Item 6, 7 and 8
c.	Site Development And Other Pre-Opening Requirements	Article 2, 4 and 8 of the Franchise Agreement	Section 3	Items 6, 7 and 11
d.	Initial And Ongoing Training	Sections 7.1 through 7.3 of the Franchise Agreement	Not Applicable	Item 11
e.	Opening	Sections 4.1 and 8.2 of the Franchise Agreement	Section 1.2 and Exhibit A	Item 7, 8 and 11
f.	Fees	Article 5 of the Franchise Agreement; Section 17.1.8 (liquidated damages)	Section 2.1	Items 5, 6 and 11

g.	Compliance With Standards And Policies/Operating Manual	Article 8 and 10 of the Franchise Agreement	Section 3	Item 8, 11, 14 and 16
h.	Trademarks And Proprietary Information	Article 10 of the Franchise Agreement	Not Applicable.	Items 13 and 14
i.	Restrictions On Products/Services Offered	Article 8 of the Franchise Agreement	Section 3	Item 16
j.	Warranty And Customer Service Requirements	Article 8 of the Franchise Agreement	Not Applicable.	Item 11
k.	Territorial Development And Sales Quotas	None	Section 1.2 and Exhibit A	Item 12
l.	Ongoing Product/ Service Purchases	Article 8 of the Franchise Agreement	Not Applicable.	Item 8 and 16
m.	Maintenance, Appearance And Remodeling Requirements	Articles 4 and 8 of the Franchise Agreement	Not Applicable.	Item 8 and 11
n.	Insurance	Article 14 of the Franchise Agreement	Not Applicable.	Items 7 and 8
o.	Advertising	Article 13 of the Franchise Agreement	Not Applicable.	Items 6 and 11
p.	Indemnification	Section 21.3 of the Franchise Agreement	Section 9.4	Item 6
q.	Owner's participation/ Management/ Staffing	Article 8 of the Franchise Agreement	Section 1.2.2	Items 11 and 15

r.	Records/Reports	Article 12 of the Franchise Agreement	Not Applicable.	Item 6
s.	Inspections/Audits	Sections 12.4 of the Franchise Agreement	Not Applicable.	Items 6 and 11
t.	Transfer	Article 15 of the Franchise Agreement	Section 6.2	Item 17
u.	Renewal	Section 3.2 and 3.3 of the Franchise Agreement	Not Applicable.	Item 6 and 17
v.	Post-Termination Obligations	Article 17 of the Franchise Agreement; Section 17.1.8 (liquidated damages)	Section 7.1.2, Section 7.2, Section 7.3	Item 6 and 17
w.	Non-Competition Covenants	Article 18 of the Franchise Agreement	Section 7.1.2	Item 12, 15 and 17
x.	Dispute Resolution	Article 24 of the Franchise Agreement	Section 8	Item 17
y.	Security Interest	Exhibit H to the the Franchise Agreement	Not Applicable	Item 8

ITEM 10. FINANCING

~~We do not offer~~Neither we nor any agent or affiliate offers direct or indirect financing~~.~~ ~~We do not guarantee your~~ to you, guarantees any note, lease or ~~any other~~ obligation~~.~~ of yours, or has any practice or intent to sell, assign or discount to a third party all or any part of any financing arrangement of yours.

ITEM 11.

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Development Agreement

We have no obligation under the Development Agreement other than to (a) designate your Development Area, which is the area within which you must open and operate the designated number of Restaurants you are required to open under the Development Agreement; and (b) approve or disapprove of your proposed sites for each Restaurant you are required to open and operate under the Development Agreement within the thirty (30) day period after you provide to us the site report, application and all materials and information we require relating to the proposed site.

Pre-Opening Obligations

A. Before you open your Restaurant, we will do the following:

1. We will make available to you, at no charge, standard specifications for the construction of a prototypical Restaurant, including exterior and interior design and layout, display requirements, fixtures, equipment and signage. You shall, at your expense, adapt the standard specifications to the Restaurant. (Franchise Agreement Section 6.1.1, page 14).

2. We will provide an initial training program prior to the opening of the Franchised Business for your Initial Training Team at the place we designate, currently at your Restaurant Location. (Franchise Agreement, Section 6.1.2, page 14).

3. We will provide to you such on-site pre-opening and opening supervision and assistance as we, in our sole discretion, deem advisable, subject (as to timing) to the availability of our personnel. (Franchise Agreement, Section 6.1.3, page 14)

4. We will provide to you, on loan, one copy of the Manual. The current manual contains 122 pages. (Franchise Agreement, Section 6.1.4, page 14).

5. We will give you information and the identification of source from which you may purchase certain products, signage and location collateral material. (Franchise Agreement, Section 6.1.5, page 14).

B. Although not obligated to do so, we may also:

1. Provide such other training programs, after the opening of the Restaurant as we, in our sole discretion, deem appropriate. (Franchise Agreement, Section 6.2.1, page 14).

2. Provide such continuing advisory assistance to you in the operation of the Franchised Business, after the opening of the Restaurant, as we, in our sole discretion, deem advisable. (Franchise Agreement, Section 6.2.2, page 14).

3. Provide to you, periodically, as we, in our sole discretion, deem appropriate, advice and written materials concerning techniques of managing and operating the Franchised Business, including required and suggested inventory and sales instructions, new developments and improvements in Restaurant layout and design, and new developments in services, merchandising and packaging of products and services, however, we are not obligated to assist you in obtaining your inventory. (Franchise Agreement, section 6.2.3, page 14). We are not obligated to provide you with pricing assistance, however we may, in our sole discretion, provide such assistance to you. We reserve the right, subject to compliance with applicable laws, to require you to offer all menu items at prices not to exceed the prices we publish from time to time, effective upon written notice to you. We reserve the right to prohibit you from charging prices lower than our published menu prices for any item, to the maximum extent allowed by applicable law. You will have sole discretion as to the prices to be charged to customers with respect to the offer and sale of all other goods and services. (Franchise Agreement, Section 8.6.1, page 20).

Site Selection

Franchise Agreement:

A. You must find an approved location and secure a lease for the Restaurant within 90 days after you sign your Franchise Agreement. If you do not secure an approved location within 90 days after signing this Agreement, we have the right to immediately terminate your Franchise Agreement. We do not select your site, however your location must be approved by us. In approving your site, we consider the general location, size of your proposed space, neighborhood, traffic patterns, area demographics, parking, physical characteristics and lease terms. Once you find an approved location and secure a lease for the location, you will have 180 days to open your Restaurant. If you do not find a site (or if we are unable to agree on an acceptable site) and open your Restaurant within the time periods required under your Franchise Agreement, we have the right to terminate your Franchise Agreement. The Franchise Agreement requires you to open for business no later than (a) 270 days after you sign the Franchise Agreement, or (b) 180 days after you enter into a lease agreement for the Restaurant. (Franchise Agreement, Section 16.2.1, page 39). At your request, we may assist you in finding an approved location. (Franchise Agreement, Section 2.2, page 5).

B. You must negotiate and obtain a lease agreement for the approved location at your expense and sign and deliver to us a Collateral Assignment of your rights under the lease agreement in order to secure your obligations and our rights under your Franchise Agreement. You must submit to us a copy of your lease before signing~~ and pay to us a Lease Review Fee.~~. We will require you to include certain provisions in your lease agreement, including the provision outlined in C below. (Franchise Agreement, Section 2.2, page 6).

C. We require the inclusion of the following provisions in the lease agreement: (Franchise Agreement, Section 2.2 pages 5-6)

1. A provision that restricts the use of the premises solely to the operation of your Franchise;

2. A provision that, if you fail to timely pay all amounts due to us, or the landlord, we have the right to charge and collect from you all resulting costs and expenses incurred by and penalties imposed on us;

3. A provision that prohibits you from subleasing or assigning all or any part of your rights or extending the term of or renewing the lease agreement without our prior consent;

4. A provision giving us the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under your Franchise Agreement or the lease agreement;

5. A provision reserving to us the right to receive an assignment of the leasehold interest upon the termination or expiration of the lease agreement or your Franchise Agreement;

6. A provision requiring the landlord to provide DPFC with written notices of any defaults issued to you under the lease; and

7. Any other provision that DPFC believes is necessary to protect its interests.

Development Agreement

If you sign a Development Agreement, you must: (a) find an approved location for each Restaurant you are obligated to open and enter into a valid and binding lease agreement on or before the "Lease Execution Deadline" identified in Exhibit A attached to the Development Agreement; and (b) open each Restaurant on or before the Opening Deadline identified in Exhibit A to the Development Agreement. As stated under the disclosures applicable to the Franchise Agreement, each proposed site must meet or then-current criteria, standards and specifications. We will approve or disapprove of a proposed site within the thirty (30) day period following our receipt of the site application package and all material we require to evaluate the proposed site. If we do not approve or disapprove the proposed site before the expiration of this thirty (30) day period, it will be deemed disapproved. We also reserve the right to require you to include the lease provisions disclosed under the Franchise Agreement disclosures, subparagraph C. The site development, build-out and pre-opening obligations, as well as ongoing obligations for each of the Restaurants you are obligated to open under the Development Agreement are governed by the terms and conditions of the individual Franchise Agreement you sign for each Restaurant.

Plans and Specifications for your Restaurant

We provide to you, at no charge, standard, generic, prototypical plans and specifications for the construction of your Restaurant, including design and layout, display requirements, fixtures, equipment and signage. (Franchise Agreement, Section 6.1, page 14). You will then, at your expense, have specific plans and specifications for construction or conversion of the space for the Restaurant prepared by a licensed architect. Before you may begin construction, these plans and specifications must be approved by us in writing. Any changes or modifications must also be approved by us in writing. All construction and build-out costs will be at your sole expense.

You must ensure, before opening, that your Restaurant is accessible to, and useable by, persons with disabilities and meets the Standards for Accessible Design for new construction in the ADA Accessibility Guidelines ("ADAAG") as may be amended from time to time, or any more stringent accessibility standard under federal, state or local law.

You must perform all necessary construction of your Restaurant, and you must purchase and install all fixtures, equipment and signs designated by us, at your expense. You must completely remodel or refurbish your Restaurant, at our request, no more frequently than every 5 years unless you are required by your lease or applicable law to do so more frequently. We ~~are a start-up franchisor~~began franchising in 2014 and we have not yet imposed any remodeling or refurbishment requirements to date. We cannot predict the range of costs and expenses associated with any remodeling or refurbishment requirements. There are no limits on the costs and expenses you may incur in complying with any remodeling or refurbishment requirements. We do not expect that your costs and expenses will exceed the cost you incur in initially building out your Restaurant.

Computer System

You must use all computer hardware and software applications that meet our specifications. You must purchase our designated computer system. The current computer system is the Revel iPad® based POS system, which includes up to 4 iPad® stations, up to 4 cash registers, up to 4 printers; Apple iPads, Revel brand router and networking equipment, and pre-loaded software. You must enter into Revel's software license agreement, ongoing support agreement, and gift card agreement. Ongoing support costs are $~~149 per month.~~99 per month per terminal. If you elect to purchase the gift card option, there is an additional ongoing monthly charge of $30 per month per terminal. This software was not manufactured or produced specifically for our franchise system.

You use the computer to, among other things, keep sales, inventory and customer information. We may independently access the information in your computer system to audit your sales or analyze your operations. There are no contractual limitations on our rights to access your computer information.

You must make reasonable upgrades and updates to your computer system, at our request and at your expense. We need not assist you to obtain your computer hardware, software or related services, i.e. maintenance, upgrades or repairs. Except as provided by the manufacturer's warranties, neither we nor any third party has a contractual obligation to provide ongoing repairs, upgrades or updates to your hardware or software.

The range of costs associated with purchasing your computer system ~~ranges from $5,000~~is currently estimated at $1,500 to $~~25~~6,000. You must purchase computer support services from our designated supplier. ~~The~~As disclosed above, the costs for these support services is currently $~~149~~99 per month per terminal, but is subject to increase. We reserve the right to require you to pay us the monthly support service fee required by the designated vendor in the future. Please refer to Item 7 for more information. There are no contractual limitations on the frequency and cost of upgrading or updating your computer system. We estimate that you ~~will~~may incur up to $~~1,000 to $2,000~~500 for annual ongoing updates, repairs or upgrades to your computer system.

If we change or modify our electronic point of sale system or computer system used in Stores, you are required to change or modify your electronic point of sale or computer system to conform to our new standards.

Operations Manual

We provide to you, on loan, one copy of the Manual, which contains mandatory and suggested specifications, standards and procedures. (Franchise Agreement, Section 6.1.4, page 14). This Manual is confidential, contains our trade secrets and remains our property. We may modify the Manual, but the modification will not alter your status and rights under your Franchise Agreement. (Franchise Agreement, Article 11, page 24). You are permitted to view the Manual at our offices before signing the Franchise Agreement, but you must sign a confidentiality agreement before doing so.

We give you advice as to products and supplies, however, we need not assist you to obtain such products and supplies. (Franchise Agreement, Section 6, page 14) We need not provide you with any other service or assistance before you open your Restaurant.

We have no obligation to develop new products or services to be offered by you to your customers, hire or train employees, improve or develop the franchised business, establish prices, establish or use administrative, bookkeeping, accounting or inventory control procedures, or to resolve operating problems encountered by you in the operation of your Restaurant. We need not provide you with any other service or assistance before you open your Restaurant.

Ongoing Support

During your operation of the Restaurant, we provide you with advice regarding the management and operation of your Franchise, to the extent that we deem necessary and desirable.

As we deem appropriate, we also issue updated information and revisions to the Manual as new and improved methods, systems and procedures for the operation of your Franchise are developed or adopted by us. (Franchise Agreement, Article 11, page 24).

Advertising Fund

You are required to pay us an ongoing Advertising Fee of ~~1.75~~2% of your Gross Sales for advertising and marketing (the "Advertising Fee"). You must pay your Advertising Fee to the Fund(s) on a monthly basis on the 15th day of each month. Payments shall be made via ACH, electronic funds transfer, or, if we designate, by separate checks made payable to the Fund(s).

We will determine from time to time what portion of the Advertising Fee you must (i) contribute to the Brand Ad Fund (as defined below); (ii) contribute to a Regional Ad Fund (as defined below); (iii) pay to us for Local Marketing Purposes (as defined below); or be spent directly by you for Local Marketing Purposes. We reserve the right to amend and adjust the allocation of the Advertising Fee upon 30 days written notice to you. You acknowledge and agree that the Advertising Fee may be used as follows:

Brand Ad Fund

At our sole discretion, the Advertising Fee shall be paid to one or more funds to be used for the purpose of maximize general public recognition and awareness of Restaurants and the System ("Brand Ad Fund"), including, without limitation, expenditures reasonably related to the production, creation, development, administration and supervision of marketing and advertising programs and menu development for System Restaurants. We do not represent or warrant that the Franchised Restaurant or any particular Restaurant will benefit directly or pro rata from such marketing or advertising activity of the Brand Ad Fund.

Regional Ad Funds

In addition to the establishment of the Brand Ad Fund, we have the right in our sole discretion to establish one or more funds for the implementation of regional advertising programs intended to increase general public recognition and acceptance of System Restaurants in specific regions. Subject only to the limitation on the total amount of Advertising Fee (~~1.75~~2% of Gross Sales), we may require you to contribute all or part of the Advertising Fee to such a fund implemented in your regional area ("Regional Ad Fund"). Fees allocated to a Regional Ad Fund will be used for the implementation, production, creation, development, administration and supervision of regional marketing and advertising programs and menu development for System Restaurants in the designated region. We do not represent or warrant that the Franchised Restaurant or any particular Restaurant will benefit directly or pro rata from such marketing or advertising activity of the Regional Ad Fund.

Local Marketing Purposes

We may require that some or all of the Advertising Fee be paid to us or our designee, or used directly by you, for marketing, advertising, sponsorships, public relations or promotions specifically directed to or featuring the Franchised Restaurant ("Local Marketing Purposes"). If we elect to have you directly spend a portion of the Advertising Fee for Local Marketing Purposes, you are required to submit to us, on a quarterly basis, a marketing plan, which plan shall be subject to our approval, and which shall specifically describe how you propose to spend the designated portion of the Advertising Fee for Local Marketing Purposes for each quarter of the calendar year. If you fail to spend the designated amount for Local Marketing Purposes as we direct, we shall have the right, in addition to any and all other rights and remedies available under the Franchise Agreement or applicable law, to require you to immediately pay all sums you were required to, but failed to expend (a) to one or more Funds established or designated by us, (b) to us to be used for Local Marketing Purposes, or (c) to expend the Local Advertising Deficiency, as we direct, for Local Marketing Purposes.

Administration

We may administer the Brand Ad Fund or one or more Regional Ad Funds (the "Funds") ourselves, or designate or license a third party to do so. We may change, dissolve or merge any of the Funds at any time, in our sole discretion. We have sole discretion over the creative concepts, materials, media, type, nature, scope, frequency, place, form, copy, layout and content of all national, regional, and local advertising paid out of the Funds; and the Funds will be maintained and administered by us, or our designee, as follows:

The Funds are intended to maximize general public recognition and acceptance of the Marks for the benefit of the System, and neither we, nor the Funds, are obligated to make expenditures for you which are equivalent or proportionate to your contributions, nor are we required to ensure that you benefit directly or pro rata from the placement of advertising. We are not obligated to spend any amount in your area or in your Protected Territory. We will not spend Advertising Fees for activities that are principally for a solicitation for the sale of franchises. We reserve the right to include a notation in any and all advertising created by any Fund that indicates "Franchises Available." We expect that all affiliate Restaurants will contribute to any established Fund at the same rates franchised Restaurants are required to contribute, however the affiliate Restaurants will not be contractually obligated to do so. We expect that all franchised Restaurants offered under this disclosure document will be required to contribute to the Fund(s) at the same rate, however, we reserve the right to negotiate terms with franchisees.

There currently is no advertising council composed of franchisees that advises us on advertising policies. An advertising council may be developed in the future.

The Funds, all Advertising Fees and contributions to the Funds, and any earnings by the Funds, are used to meet the costs of producing, maintaining, administering, directing, conducting, printing and preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including the costs of preparing and conducting television, radio, Internet, magazine, newspaper and other media advertising campaigns; developing and/or hosting an Internet web page or similar activities; conducting market research; providing other marketing materials to franchisees; direct mail advertising; marketing surveys and other public relations activities; employing advertising and/or public relations agencies; printing and production costs; purchasing promotional items, conducting and administering visual merchandising, promotions and merchandising programs; and providing promotional and other marketing materials and services. Advertising may be local, regional or national, in any type of media, including Internet, print, radio and/or television.

Advertising Fees contributed to the Funds may also be used to provide rebates or reimbursements to you for local expenditures on products, services or improvements, approved in advance by us, which we believe will promote general public awareness and favorable support for the System. We have no obligation to segregate Advertising Fee payments or maintain accounts separate from our other funds. Advertising Fees may and will be commingled with funds in our general accounts. We expect to use an amount equal to all contributions made in any fiscal year, but any monies remaining in any Funds at the end of any year will carry over to the next year. We expect to use any interest or other earnings of the Funds before using current contributions, but are not required to do so.

We are not required to prepare or provide you with any statements relating to the Advertising Fee, the Funds or expenditures of the Funds, although we may do so at our option. The Funds will not be audited, unless we elects to require an audit, in which event all expenses for the audit will be paid out of Advertising Fees contributed to the Funds. We may, but are not required to, create internally prepared, periodic statements of operations for the Funds. These statements, if created, may be made available to you, upon your reasonable prior written request.

We have the right to terminate any one or more of the Funds at any time. If a Fund is terminated, we are not required to return any Advertising Fee contributed to any such terminated Fund by you and will expect any retained contributions for the terminated Fund for System advertising purposes. None of the Advertising Fees paid to us are refundable at any time, including upon termination or expiration of the Franchise Agreement.

You expressly acknowledge that the Funds may be used to pay administrative expenses to us or our designee an amount, not to exceed 20% of all of the Advertising Fees contributed by System Restaurants to the Funds on an annual basis. Administrative expenses may include amounts equivalent to salaries, travel and other expenses of our or our designee's employees whose services are provided to further the purposes and efforts of the Funds or Local Marketing Purposes for System Restaurants.

~~2014~~2016 Fund Contributions & Expenditures

During our fiscal year ended December 31, ~~2014~~2016, we collected $~~1,079.64~~92,368 in Advertising Fees, all of which was expended on social media marketing and advertising ~~and marketing~~ efforts.

Local Marketing~~.~~

You are required to expend 2% of Gross Sales each month on local advertising, marketing, sponsorships, public relations or promotions specifically identifying or featuring your Restaurant (your "Local Marketing Expenditure Requirement"). We reserve the right to require you to submit to us, on a quarterly or monthly basis as we designate, a local marketing plan specifically describing how you propose to spend Local Marketing Expenditure Requirement. During the Grand Opening Advertising Campaign (discussed below), you are required to pay local marketing fees directly to the social media platform designated or approved by us, currently Facebook®, in accordance with our specifications. We currently estimate these fees at $25 to $100 per day. These fees are credited against your Grand Opening Advertising Expenditure requirement. We reserve the right to require you to pay these fees directly to us in the future, at any time, upon notice to you.

If you fail to meet your Local Marketing Expenditure Requirement, or if you fail to otherwise comply with your local marketing obligations, we shall have the right, in addition to any and all other rights and remedies available under the Franchise Agreement or applicable law, to (a) require you to immediately pay all sums you were required to, but failed to expend ("Local Advertising Deficiency"), to the Fund, (b) require you to spend the Local Advertising Deficiency in the manner designated or approved by us for local marketing purposes, or (c) require you to immediately pay the Local Advertising Deficiency to us to be expended by us or our designee directly in your Restaurant's area for local marketing purposes.

Cooperative Advertising

You are not currently required to participate in a local or regional advertising cooperative. We encourage the formation and operation of franchisee cooperative advertising associations (each a "Co-op") in the future. If formed, each Co-op will coordinate advertising, marketing efforts and programs, and attempt to maximize the efficient use of local advertising media. If a Co-op is formed for your region, you must participate in the Co-op. If you do not participate in the Co-op, you will lose your right to vote as to decisions regarding advertising and marketing efforts and programs. All franchisees required to participate in any Co-op developed in your area will be required to contribute on an equal basis. Contributions to local advertising Co-ops will be credited against your Local Advertising Requirement. While outlets we own will not be required to contribute to any local Co-ops, we anticipate that they will contribute to the Co-op on the same basis as those for the franchisees. In no event shall you be required to be a member of more than one Co-op. We have the right to require any Co-op to be organized and governed (a) in a form and manner approved in advance by us in writing, and (b) for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized promotional materials for use by the members in local advertising. We have the right to require any Co-op to operate from written governing documents. If governing documents are required, they will be made available for your review by the Co-op. If formed, Co-ops will be required to prepare periodic financial statements to be made available for review by the participating franchisees. We do not have the power to require cooperatives to be formed or merged. We have the power to require cooperatives to be changed or dissolved if they fail to operate in accordance with our requirements.

No advertising or promotional plans or materials may be used by any Co-op, or be furnished to its members, without our prior approval. We, in our sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Co-Op, and/or from the obligation to contribute thereto (including a reduction, deferral or waiver of such contribution), upon written request of such franchisee stating reasons supporting such exemption. Our decision concerning such request for exemption shall be final. You are not currently required to participate in any local or regional advertising cooperatives; however, we reserve the right to require your participation in the future.

Grand Opening Advertising Campaign

You must conduct a Grand Opening Advertising Campaign for your Restaurant and expend an amount ranging from $~~5~~10,000 to $25,000 in the manner we specify or approve (the "Grand Opening Advertising Expenditure"). We may designate an approved supplier of local advertising and marketing services and may require you to engage that supplier's services in connection with the Grand Opening of your Restaurant. We may require you to expend the Grand Opening Advertising Expenditure in accordance with any approved or designated supplier's Grand Opening advertising program. You are required to prepare and submit to us a written plan detailing the grand opening advertising campaign no later than 30 days before the Restaurant's scheduled grand opening. Within four months following the date the Restaurant opens for business, you must furnish us evidence as we may reasonably require to verify your compliance with the Grand Opening Expenditure requirements.

Use of Your Own Advertising Material including Electronic Media

You may develop advertising and promotional materials for your own use, however, we must approve all advertising promotional materials before you use them. If we do not approve or disapprove your proposed materials within 15 days of your submission, they will be deemed disapproved. We may require that a "tag line", stating that franchise and/or career opportunities are available, be included in any advertising.

You may not use electronic media to advertise your Restaurant, including the Internet and a worldwide web page, without first obtaining our written consent and your compliance with any conditions and restrictions we wish to impose. We must first approve all use of any electronic media (including Internet) postings, including advertisements and/or promotions. You may not promote or sell any products or services, or make any use of the Proprietary Marks, through the Internet without our prior written approval, which we do not have to provide. As a condition of granting any consent, we will have the right to establish any requirement we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our website.

We have the right to establish a website or other electronic system providing private and secure communications between us, our franchisees and other persons and entities that we deem appropriate. If we require, you must establish and maintain access to the extranet in the manner we designate. We may periodically prepare agreements and policies concerning use of any extranet that you must acknowledge and sign.

You are prohibited from promoting your Franchised Business on any social or networking website, including facebook®, LinkedIn®, MySpace®, Twitter® or any similar sites without our prior written consent in each instance. We may withhold our consent for any reason and we may condition our consent on your compliance with our designated methods, procedures, rules and regulations.

Estimated Opening Time Period

We expect that franchisees will typically open their Restaurants within four to ~~eight~~ten months after they sign their franchise agreements and typically ~~two~~three to ~~four~~six months after they find an approved location and secure a lease for the location. The factors that affect this time are the ability to locate a suitable site and obtain a lease, financing or building permits, zoning and local ordinances, construction schedules, obtaining licenses and permits, weather conditions, shortages, and delayed installation of equipment, fixtures and signs.

Training

The training program we currently offer, which is subject to modification at any time, consists of the following:

We provide you an initial training program that covers material aspects of the operation of the Restaurant. The topics covered are listed in the chart below. The following persons are required to attend and complete the initial training program: you (or one of your owners if you are a legal entity) and your designated manager (you may serve as the designated manager) (your "Training Team"). You are permitted, but not required, to bring one additional person who must be an owner or employee to initial training at no charge.

We provide the initial training program to your Training Team. Your Training Team must complete the initial training program to our satisfaction. Your Training Team must satisfactorily complete the initial training no later than 30 days before the opening of the franchised Restaurant. We expect that the Training Team will advance through the training program at different rates depending on a variety of factors, including background and experience. The time frames provided in the chart are an estimate of the time it will take to complete training. We do not charge for initial training. You must pay for all travel costs, salaries (if applicable) and living expenses for yourself and the Training Team. These costs (not inclusive of salaries) are estimated in ITEM 7. If you replace your designated manager, your new designated manager must attend our training program. You may be charged fees for additional training. ~~Our current fees for additional training are described in ITEM 6.~~Additional training fees will be equal to our designated hourly rate, currently $125 per hour. You will also be required to reimburse us for all out-of-pocket expenses incurred by our training instructor, including travel expenses, food, lodging and auto rental. You are responsible for training your own employees and other management personnel.

For the opening of the Restaurant, we will provide you with one of our trained representatives. The trained representative will provide on-site pre-opening and opening training, supervision, and assistance to you for up to seven days around your Restaurant opening. You must reimburse the expenses our representative incurs while providing opening assistance, such as travel, lodging and meals.

Your franchised Restaurant must at all times be under the day-to-day supervision of a designated manager who has satisfactorily completed our training program. After a replacement of the designated manager, he or she has 60 days to complete initial training.

TRAINING PROGRAM

SUBJECT	Hours of Classroom Training	Hours of On-The-Job Training	Location
Dough Preparation and Troubleshooting	15 Minutes	3 Hours	~~Millville/Vineland~~Bridgewater, NJ
Dough Stretching	15 Minutes	1 Hour	~~Millville/Vineland~~Bridgewater, NJ

Pizza Assembly	30 Minutes	5 Hours	~~Millville/Vineland~~Bridgewater, NJ
Oven Maintenance	15 Minutes	~~1~~6 Hour	~~Millville/Vineland~~Bridgewater, NJ
Optimum Staffing	1 Hour	5 Hours	~~Millville/Vineland~~Bridgewater, NJ
Health & Cleanliness	1 Hour	3 Hours	~~Millville/Vineland~~Bridgewater, NJ
Inventory Control	1 Hour	2 Hours	~~Millville/Vineland~~Bridgewater, NJ
POS Training	45 Minutes	1 Hour	~~Millville/Vineland~~Bridgewater, NJ
Marketing	1 Hour	2 Hours	~~Millville/Vineland~~Bridgewater, NJ
Review	~~3~~8 Hour	8 Hours	~~Millville/Vineland~~Bridgewater, NJ
Total	~~9~~14 Hours	~~31~~36 Hours	~~Millville/Vineland~~Bridgewater, NJ

Training will be conducted by ~~Brian Petruzzi. Mr. Petruzzi, through his affiliated company, opened a 1000 Degrees Pizzeria Restaurant~~ Jessie Everett, the in ~~2014 in~~ -store manager for the Bridgewater~~, NJ. Mr. Petruzzi is extensively involved in the operation~~ Restaurant. Currently, certain employees of ~~this~~the Bridgewater Restaurant ~~and oversees the development of all franchisee Restaurants~~may participate in the training program. If circumstances require, a substitute trainer may provide training to you. We may periodically name additional trainers if the training schedule requires it. There are no specific minimum experience requirements required for any additional trainers. There are no limits on our right to assign a substitute trainer to provide training. The instructional materials used in the training program may include the Operations Manual and other written materials created for the initial training program.

The training will occur in ~~Millville/Vineland~~Bridgewater, NJ. We will inform you of the dates and location of the training. Training programs are currently held on an as needed basis, approximately three to four weeks before a franchisee is scheduled to open for business. In the future, we anticipate holding training programs twice per month.

Periodically, you, your managers or employees must attend refresher-training programs to be conducted at our headquarters or another location we designate. Attendance at these programs will be at your expense. You do not have to attend more than 1 of these programs in any calendar year and these programs will not exceed 2 days during any calendar year.

We may require you to attend an annual conference and to charge you a fee to attend.

ITEM 12.

TERRITORY

Franchise Agreement

Your franchise is to be located at a location to be approved by us. Once we approve your location, a "Protected Territory" will be granted to you. We will not establish or license another to establish a Restaurant within a specified area (your "Protected Territory"), during the term of your Franchise Agreement, with the exception of Stores located in Special Venues.

Minimum Protected Territory

In the case of a Restaurant which is located in a shopping center or mall, at a minimum, your Protected Territory will consist of the radius of the shopping center or mall premises. At a minimum, your Territory will consist of a: (i) 3 mile ~~radius~~drivable distance surrounding your Restaurant, as determined by us by the mapping service we designate on the date your Protected Territory is designated, if your Restaurant is located in a rural area; or (ii) 5 block radius surrounding your Restaurant if your Restaurant is located in an urban area or in a boardwalk venue.

You are not required to achieve or maintain any given level of sales or to satisfy any other contingency in order to retain your limited exclusivity with respect to your Protected Territory and this limited exclusivity will continue to apply even if the population in your Protected Territory increases, or you sell or transfer your Franchise.

Special Venues

We reserve the right to establish and operate, or license others to establish and operate, Restaurant(s) in "Special Venues", including Special Venues located in your Protected Territory. The term "Special Venues" shall mean travel centers, airports, schools, railroad/railway or bus stations, government institutions, hospitals, military installations, stadiums, sports arenas, casinos, amusement parks, theaters, "big box" retail stores, and other locations within institutional or public service operations.

Relocation of Your Restaurant

Under the terms of the Franchise Agreement, you do not have the right to relocate your Restaurant without our prior written consent. If you request the right to relocate your Restaurant, and we approved the relocation, you must pay us an offset fee of $1,500. If you are not in default under your Franchise Agreement, your limited exclusivity will continue to apply even if you sell or transfer your Franchise. Except for this limited exclusivity, your Franchise is non-exclusive. You are not granted any options, rights of first refusal or similar rights to acquire additional Restaurants.

If the lease agreement for your Approved Location expires or is terminated before the expiration of your Franchise Agreement, other than because of your default under the lease agreement or your Franchise Agreement, you have up to 180 days within which to: (i) find a new location for your Franchise which is acceptable to us and does not conflict with any rights granted by us to others; and (ii) secure a lease for the premises. You must open your re-located Franchised Business within 180 days after you find your new location and obtain a lease for the premises.

If the lease agreement for your Approved Location expires or is terminated before the expiration of your Franchise Agreement, you must use best efforts to secure a renewal of the existing lease. If you are unable to secure a renewal of the existing lease, you must find a new location which meets our then current site-selection criteria and which does not conflict with any rights granted to third parties, and secure a lease for this location within 180 days after the termination or expiration of the lease agreement. You must open your Restaurant for business at the new Approved Location within 180 days after you secure the lease for the Approved Location. If you are unable to secure a renewal of your existing lease, and/or you do not find an Approved Location and open your Franchised Business, then your limited exclusivity with respect to your Protected Territory terminates and we may elect to terminate your Franchise Agreement.

If you are unable to secure a renewal of your existing lease (despite using best efforts), you must secure a new location approved by us. Your Franchise Agreement will remain in effect following the expiration or termination of the lease; provided, however, that you do not have to make royalty payments to us until the earlier of: (i) the date you find an Approved Location and secure a lease for the premises; or (ii) the expiration of 180 days from the date your lease expires or is terminated.

Reservation of Rights

We, or our affiliate(s), may: (i) establish and license others to establish ~~"*1000° Degrees Pizzeria*"~~ Restaurants under the System and our Marks at any location outside of your Protected Territory; (ii) establish and license others to establish retail stores, kiosks or the like under other systems, using other proprietary marks, which offer or sell other products or services which are located either within or outside of your Protected Territory; (iii) market, distribute and sell, directly or indirectly, or license others to market, distribute or sell, directly or indirectly, any products from any location or to any purchaser (whether the purchaser is located within or outside your Protected Territory) under any proprietary mark, including "*1000° Degrees Neapolitan Pizza® and/or 1000 Degrees° Pizzeria*~~,"~~®, through alternative channels of distribution, within or outside your Protected Territory, including through the Internet and wholesale distribution centers; (iv) establish or operate and license others to establish or operate ~~an *1000° Degrees Pizzeria* restaurant or kiosk~~restaurants and/or kiosks operating under the Marks at any location outside the Protected Territory, regardless of the restaurant's proximity to your Protected Territory; and (v) acquire, be acquired by, merge or affiliate with, or engage in any transaction with other businesses (whether or not those businesses are competitive), including competing franchise systems with units operating in your Protected Territory. If we acquire a competitive business or a competitive franchise system with units operating in your Protected Territory, we have the right to operate the business under the Proprietary Marks in your Protected Territory without affording any rights to you or providing any compensation to you.

You will not receive an exclusive territory. You may face competition from franchisees from outlets that we own, or from other channels of distribution or competitive brands that we control.

Restrictions on Solicitations

You are not permitted to solicit customers or advertise outside of your Protected Territory without our prior written approval. We may condition ~~its~~our approval on your agreement to offer other ~~*1000° Degrees Pizzeria*®~~System franchisees~~ who are~~ operating Restaurants in territories encompassed by the circulation base of the proposed advertising, the opportunity to participate in, and share the expense of your solicitation and/or advertising. You are not permitted to use other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing, to make sales outside of your Protected Territory without our prior written approval. We have the right to condition our approval on the terms that we determine necessary, such as requiring that your domain name and home page belong to us and be licensed to you for your use during the term of your agreement.

While we will not establish or license another to establish a Restaurant within your Protected Territory, nothing in the Franchise Agreement prohibits us from soliciting or accepting business within your Protected Territory through alternative channels of distribution (e.g. the Internet, catalog sales, telemarketing or other direct marketing). We are not under any obligation to pay you compensation for any business we solicit or accept inside your Protected Territory.

Development Agreement

If you are interested and qualify, and we elect to offer you the opportunity, you will enter into our then-current form of Development Agreement for the development of multiple Restaurants. Currently, we do not anticipate granting development rights for the development of less than ten Restaurants. You and we will mutually agree on an area to be defined in the Development Agreement as the "Development Area" before you sign the Development Agreement.

We expect that a typical Development Area will consist of a list of counties within a designated

State, or within an area covered by identified zip codes. In some instances, the Development Area may consist of an entire state. We will determine the total number of Restaurants the Development Area is able to support based on population and you will be required to develop at least 1/3 of these Restaurants. You must sign lease agreements and open each Restaurant that you are required to open under the Development Area by the deadlines stated in the Agreement. If you fail to do so, we have the right to terminate the Development Agreement, in which case you will lose all rights granted under the Development Agreement.

Under the Development Agreement, considering the payments agree to make to you pursuant to our Revenue Share Program, you will not receive any exclusive rights or protected territory rights, meaning we have the unrestricted right to open and operate, and to license third parties the right to open and operate, Restaurants anywhere in the Development Area during the Term of your Development Agreement.

You will not receive an exclusive territory. You may face competition from franchisees from outlets that we own, or from other channels of distribution or competitive brands that we control.

Except as disclosed in this Item, continuation of your territorial rights under the Development Agreement does not depend on your achieving a certain sales volume, market penetration (other than satisfaction of your Development Schedule) or other contingency. If the population of the Development Area increases during the term of the Development Agreement, we have no right to increase or decrease your development obligations.

Except as provided in this Item, you have no options, rights of first refusal or similar rights to acquire additional franchises.

Although we have the right to do so, neither we nor our affiliate currently operates, franchises or has present plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will sell in your Restaurant.

ITEM 13.

TRADEMARKS

The Franchise Agreement licenses you the right to operate a Restaurant under the trade name under our designated mark, currently *1000 Degrees Neapolitan Pizza®* or *1000° Degrees Pizzeria®*. We may require you to use other current or future developed trademarks to operate your Restaurant. The term trademarks means trade names, trademarks, service marks and logos used to identify the Restaurant. We are not restricted in the way we use these trademarks, and we have all the rights to license or franchise others to use these trademarks. Throughout this Disclosure Document, our trademarks, including those developed in the future and licensed to you for use in connection with the operation of your Restaurant, may be referred to as the

"Proprietary Marks."

You are required to follow our rules when using our trademarks. You are not permitted to use any of our trademarks as part of a corporate, limited liability company, or other entity name, email address, electronic identifier or Internet domain name. You cannot use any of our trademarks, except for those we license to you. You may not use any of our trademarks for the sale of any unauthorized product or service, or in any manner we have not authorized in writing. The trademarks licensed to you may only be used by you for the purpose of operating a Restaurant in accordance with the Franchise Agreement, Manual and System.

Our principal, Brian Petrizzi, owns the registration for our principal mark. Our principal mark is registered on the Principal Register of the United States Patent and Trademark Office ("USPTO") as follows:

Mark	Registration / Serial Number	Registration / Application Date
1000° DEGREES PIZZERIA	Registration #: 4676690	Registration Date: January 20, 2015
1000 DEGREES NEAPOLITAN PIZZA	Registration #: 5248909	Registration Date: July 25, 2017

Our principal licensed us the right to use the mark, and the right to license others to use the mark, in connection with the franchise system. The term of the license agreement is 20 years, and is automatically renewed for additional 20-year terms. If the license agreement is terminated or expires, your franchise agreement will be assigned to the trademark owner or its designee, authorizing you the right to continue use of the Mark through the expiration of your Franchise Agreement, subject to the restrictions set forth in your Franchise Agreement.

Currently, we know of no effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of the State of New Jersey or any court; pending infringement, opposition or cancellation; or pending material litigation involving the Mark.

Other than the above, there are no agreements currently in effect that significantly limit our rights to use or license the use of the Mark in any manner material to the franchise.

We know of no infringing or prior superior uses that could materially affect the use of the Mark in the State of New Jersey or in any other State.

You do not receive any rights to the Mark other than the non-exclusive right to use them in the operation of your franchised Restaurant. You must follow our rules when you use the Mark. You must use the Mark as the sole trade identification of the franchised Restaurant. You cannot use a name or Mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use any Mark in connection with the sale of any unauthorized services or products, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. Any unauthorized use of the Mark by you is a breach of the Franchise Agreement and an infringement of our rights in the Mark. You must not contest the validity or ownership of the Mark, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Mark.

You must immediately notify us when you learn about an infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Mark, and you must not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. We will take the action we think appropriate in these situations; we have exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Mark.

While we are not required to defend you against a claim arising from your use of our Marks, we will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark.

If we adopt and use new or modified Marks, you must add or replace equipment, signs, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your franchised Restaurant for the new or modified Marks. There is no limitation on the costs you may be required to incur in complying with any designated changes or modifications. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not advertise on the Internet using, or establish, create or operate an Internet site or website using any domain name containing, the word "1000 Degrees" or any variation thereof without our prior written consent.

ITEM 14.

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. We own copyrights in the Confidential Operations Manual, textbooks, our website, our social media pages, our marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating the franchised Restaurant and you must stop using them if we direct you to do so.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have may develop certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a ~~*1000° Degrees Pizzeria*®.~~Restaurant. We may provide our trade secrets and other confidential information to you during training, in the Confidential Operations Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your franchised Restaurant. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the franchised Restaurant. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to trade secrets or other confidential information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Non-disclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce those agreements.

All ideas, concepts, techniques or materials concerning the franchised Restaurant and/or the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees, and you agree to assign to us all right, title and interest in any intellectual property so developed. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of the Confidential Operations Manual, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in ITEM 17.

ITEM 15.

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED RESTAURANT

The franchised Restaurant must always be under the direct, full-time, day-to-day supervision of a designated manager. If you are an individual, we may require you to be the designated manager of the franchise. If we require you to be the designated manager, you must request our consent to select another individual to replace you as the designated manager. If you are a corporation or other business entity, you will select a designated manager for the franchise and we may require that the individual you select is an owner of the franchise. The designated manager must attend and satisfactorily complete our initial training program before opening the franchised Restaurant. You must keep us informed at all times of the identity of your designated manager. If you must replace the designated manager, your replacement must attend and satisfactorily complete our initial training program.

As described in ITEM 14, certain individuals associated with your franchised Restaurant, including your owners (and members of their immediate families and households), officers, directors, partners, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements the same as or similar to the Non-disclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the independent right to enforce the agreements.

If you are a corporation, limited liability company or other business entity, anyone who owns an interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Personal Guarantee attached to the Franchise Agreement.

ITEM 16.

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the products, services and items we specify. You may not sell any products that we have not authorized and you must discontinue offering any services or products that we disapprove. We may take action, including terminating your franchise if you purchase or sell unapproved products or make purchases from unapproved suppliers. We may periodically change required or authorized services or products. There are no limits on our right to do so.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors, including test marketing, your qualifications, and regional or local differences.

We do not place restrictions on you with respect to who may be a customer of your franchised business.

[The remainder of this page is intentionally left blank.]

ITEM 17.

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreement attached to this Disclosure Document. ~~You should refer to your state's specific addendum attached to this Disclosure Document for exceptions to this ITEM 17.~~

THE FRANCHISE RELATIONSHIP

	PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a.	Length of the Franchise Term	Section 3.1 of the Franchise Agreement ("FA") Section 5.1 of the Development Agreement ("DA")	The term is 10 years. The Term under the DA is defined as the period beginning on the Effective Date and ending on the earlier to occur of (i) the date the final Restaurant you are required to develop has opened, or (ii) the Opening Deadline for the final Restaurant you are required to open under the DA.
b.	Renewal Or Extension Of The Term	Section 3.2 of the FA Not Applicable to DA.	We will grant you a successor franchise agreement for a successor term of 10 years, subject to your eligibility and compliance with certain obligations.

c.	Requirements For You To Renew Or Extend	Sections 3.2.1 through 3.2.8 Not Applicable to DA.	If you wish to obtain a successor franchise, you must pay a successor franchise fee equal to $15,000, sign new agreement with materially different terms or conditions than your original contract, replace, upgrade or update equipment, sign a release, notify us in advance, not less than 180 days prior to the expiration of your then-current term of your desire to obtain a successor franchise, be in compliance with all terms and conditions of your existing franchise agreement, and complete any refresher training programs we may require.
d.	Termination By You.	Not applicable.	
e.	Termination By Us Without Cause	Not applicable.	
f.	Termination By Us With Cause	Section 16 of the FA Section 5.2 of the DA	We can terminate if you default. We can terminate if you commit a Material Default
g.	"Cause" Defined - Curable Defaults	Section 16.2, 16.3 of the FA Section 5.2 of the DA	You have a designated time period within which to cure certain defaults, i.e., non-payment of fees (10 days) , non-submission of reports (5 days), default under other agreements between you and us, and other defaults under the Franchise Agreement (30 days). If you commit a default under the DA, other than failure to meet the Minimum Development Obligations, if a Franchise Agreement entered into between us and you or any of your affiliates is terminated, or if you violate any of your confidentiality or non-competition obligations under the DA (which defaults are not subject to a cure period), we will give you notice and a 15 day cure period.

h.	"Cause" Defined - Non-Curable Defaults	Sections 16.2.1-16.2.4, 16.2.9, 16.2.11, 16.2.20, 16.2.21, 16.2.22, 16.2.23, 16.2.25, and 16.2.26 of the FA. Section 5.2 of the DA	Non-curable defaults include: failure to timely obtain an approved location and all licenses, permits and approvals; failure to open the Restaurant timely; failure to complete training; if you file for bankruptcy, seek reorganization, liquidation or dissolution; abandonment of your Restaurant; conviction of felony, repeated defaults even if cured, loss or suspension of your business license, abandonment, trademark misuse, unapproved transfers; termination of other franchise agreements between you and us; and other defaults listed in Section 16.2. Uncurable defaults under the DA include failure to meet the Minimum Development Obligations, if a Franchise Agreement entered into between us and you or any of your affiliates is terminated, or if you violate any of your confidentiality or non-competition obligations under the DA.
i.	Your Obligations On Termination/Non-Renewal	Article 17 of the FA. Sections 5.3, 7.1.2, 7.2, 7.3, 8 and 9.4 of the DA.	Obligations include complete de-identification and payment of all amounts due (see also r. below). Non-competition, confidentiality, indemnification covenants. Dispute resolution provisions.
j.	Assignment Of Contract by Us	Article 15 of the FA Section 6.1 of the DA	There is no restriction on our right to assign. There is no restriction on our right to assign.
k.	"Transfer" By You – Defined	Sections 15.2 and 15.3 of the FA. Section 6.2 of the DA.	Includes transfer of contract or assets or ownership change. You have no right to assign the DA, or any of your rights thereunder.

l.	Our Approval Of Transfer By You	Section 15.2 of the FA. Not Applicable to DA.	We have the right to approve all transfers but will not unreasonably withhold our approval.
m.	Conditions For Our Approval Of Transfer By You	Section 15.4 of the FA. Not Applicable to the DA.	New franchisee qualifies, transfer fee paid, training arranged, release signed by you and current agreement signed by new franchisee (also see r. below).
n.	Our Right Of First Refusal To Acquire Your Franchise	Section 15.5 of the FA. Not Applicable to the DA.	We can match any offer for your franchise.
o.	Our Option To Purchase Your Franchise	Section 17.2. of the FA. Not Applicable to the DA.	We have the option to purchase your franchise upon expiration or termination of the Franchise Agreement.
p.	Your Death Or Disability	Section 15.7 of the FA. Not Applicable to the DA.	Franchise must be assigned by your estate to an approved buyer within 6 months.
q.	Non-Competition Covenants During The Term Of The Franchise	Section 18.2 of the FA. Section 7.1.1 of the DA	No involvement in a competing business. No involvement in a competing business.

r.	Non-Competition Covenants After The Franchise Is Terminated Or Expires	Section 18.3 of the FA. Section 7.1.2 of the DA	No involvement in a competing business for 2 years at the Approved Restaurant Location, within a 25 mile radius of the Approved Restaurant Location, within a 25 mile radius of any other Restaurant (including after assignment), or within the state of New Jersey. No involvement in a competing business for 2 years within the Development Area, within a 25 mile radius of the Development Area, or within a 25 mile radius of any other Restaurant. No involvement with a franchise system that offers or sells franchises for the right to open or operate competing businesses within the United States for a 2-year period.
s.	Modification Of The Agreement	Article 26 of the FA Section 9.10 of the DA	No modifications to the Franchise Agreement unless the modifications are in writing and signed by both parties. We may change the Operations Manual and System Standards at any time. No modifications of the DA unless the modifications are in writing and signed by both parties.
t.	Integration/ Merger Clause	Section 25.4 of the FA. Section 9.10 of the DA.	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document. Only the terms of the DA are binding. Nothing in the DA is intended to disclaim the representations made in this disclosure document.

u.	Dispute Resolution By Arbitration Or Mediation	Section 24.2 and 25.3 of the FA. Section 8 of the DA	All claims must first be mediated prior to arbitration or litigation. Except for certain claims, all disputes must be arbitrated in New Jersey. The arbitration will occur with each respective party paying their own costs. All claims under the DA (except as set forth in 8.3) must be mediated prior to arbitration or litigation. Except for certain claims, all claims must be arbitrated in New Jersey.
v.	Choice Of Forum	Section 24.1 of the FA Section 9.1 of the DA	Arbitration must be in New Jersey. Litigation must be in the state or Federal courts in the State of New Jersey. (Subject to state law. See the state specific addenda attached to this Disclosure Document) Arbitration must be in New Jersey. Litigation must be in New Jersey.
w.	Choice Of Law	Section 24.1 of the FA and Section 9.1 of the DA	New Jersey law. (Subject to state law. See the state specific addenda attached to this Disclosure Document)

ITEM 18.

PUBLIC FIGURES

We do not presently use any public figures to promote our franchise.

ITEM 19.

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

~~HISTORICAL FINANCIAL PERFORMANCE REPRESENTATIONS~~

We

~~As of the April 7, 2015, there were three Restaurants in operation, two franchised Restaurants, and one affiliate owned Restaurant located in Vineland, New Jersey (the "Affiliate Restaurant"). The Affiliate Restaurant opened in May 2014 and is the first Restaurant in the System. The historical financial performance representation in this Item 19 includes performance information for this Restaurant. The two franchised Restaurants were not included, as they were not in operation during the Reporting Period.~~

~~The financial information used in the preparation of the information provided in this Item was not audited, was prepared internally by us based on unaudited information provided to us from our affiliate, and is materially in conformity with generally accepted accounting principles. Individual franchisees are likely to experience sales volume and cost variations. The geographic area within which the Franchised Business and Approved Territory is located and the operational skill and management methods employed by a franchisee may significantly affect the sales and costs realized.~~

~~We have written substantiation for the financial performance representation provided in this Item 19. Written substantiation for the financial performance representation in this Item 19 will be made available to the prospective franchisee upon reasonable request. You should carefully analyze the following table with the assistance of your counsel, accountants or other advisors, to determine whether the data realistically reflect costs and other factors affecting revenue with which you might be faced.~~

~~TABLE A~~

~~GROSS REVENUES FOR THE AFFILIATE RESTAURANT DURING THE REPORTING PERIOD~~

~~Gross Revenues~~
~~$94,039.36~~

~~NOTES:~~

~~1. The results reported in Table A reflect the total gross revenues for the Affiliate Restaurant during the period May 15, 2014 through June 23, 2014 (the "Reporting Period"). The term "Gross Revenues" means: all reported revenues derived by the Affiliate Restaurant during the Reporting Period, less sales taxes paid and total discounts.~~

~~2. The Affiliate Restaurant is the first System Restaurant, is owned and operated by an affiliate, and first commenced operations in May 2014.~~

~~3. The historical information provided in this Item 19 does not include any expense information. Your franchised business will incur expenses and costs of operation, including, among other expenses, continuing monthly royalty fees, advertising fee and expenditure obligations, and the ongoing fees disclosed in Item 6.~~

4. ~~Your Franchised Business's gross revenue will be affected, in large part, by your own operational ability, which may include your experience in managing a business, your capital and financing (including working capital), customer service orientation, service quality, your business plan and the use of experts to assist you in your business plan.~~

5. ~~Your Franchised Business will be affected by a number of factors, including, demographics of your Approved Territory, competition, quality and services provided to your customers, your individual marketing and sales efforts. Your gross revenue may also be negatively impacted by not adhering to our System standards and specifications. Other matters affecting your sales may be inflation, state of the economy, applicable laws, rules and regulations.~~

6. ~~Your costs and expenses may be affected by the price of materials and supplies; government regulations; regional differences; seasonal and weather fluctuations; and fluctuations due to periodic marketing and advertising programs.~~

7. ~~The gross revenue information in this Item 19 reflects historical performance information for the Affiliate Restaurant, as reported to us. There is no assurance that future sales and /or expenses will correspond to historical sales and expenses.~~

8. ~~There are a number of factors that may affect sales and expenses at your Franchised Business. The factors listed in this Item are not all-inclusive.~~

~~Disclosure Required Under California Law~~

~~The earnings claims figure does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.~~

~~Additional Notes~~

~~As of the issuance date of this Disclosure Document, there was only one Restaurant operating in the System during the Reporting Period. Only the Affiliate Restaurant achieved the results reported in this Item. Your individual results may differ. There is no assurance you will sell as much or that your costs and expenses will not exceed those provided in this Item.~~

~~You are strongly advised to conduct, with the assistance of an accountant, an independent investigation of the costs and expenses you will incur in operating your Franchised Business in your Approved Territory. You and your accountant should build a business plan for the opportunity you are pursuing, taking into account such independent information as may be available at the time. While we are not able to review or comment on your plan, the plan should help you in making your investment decision, and in getting underway if you enter our system. The first year of operations may be the most challenging. There are numerous factors that affect a Franchised Business's sales and costs.~~

~~Except as expressly provided in this Item 19, we~~ do not make any representations about a franchisee's ~~future~~ financial performance or the past financial performance of company-owned or franchised ~~outlets~~stores. We also do not authorize our employees or representatives to make ~~any~~ such representations either orally or in writing. If you are purchasing an existing ~~outlet~~Restaurant, however, we may provide you with the actual records of that ~~outlet~~business. If you receive any other financial performance information or projections of your future income, you should report it to ~~our~~the franchisor's management by contacting Brian Petruzzi, President and CEO, 170 S New York Rd, Galloway, NJ 08205, 609-442-5189, the Federal Trade Commission, and the appropriate state regulatory agencies.

[The remainder of this page is intentionally left blank.]

ITEM 20.

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

SYSTEMWIDE OUTLET SUMMARY FOR YEARS ~~2012~~2014 TO 2016~~2014~~				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	2014~~2012~~	0	~~0~~2	~~0~~+2
	2015~~2013~~	~~0~~2	~~0~~8	~~0~~+6
	~~2014~~2016	~~0~~8	~~2~~21	+~~2~~13
Company-Owned*	2014~~2012~~	0	~~0~~1	~~0~~+1
	~~2013~~2015	~~0~~1	~~0~~2	~~0~~+1
	2016~~2014~~	~~0~~2	1	~~+~~-1
Total Outlets	2014~~2012~~	0	~~0~~3	~~0~~+3
	~~2013~~2015	~~0~~3	~~0~~10	~~0~~+7
	2016~~2014~~	~~0~~10	~~3~~22	+~~3~~12

- ~~We began franchising on June 25, 2014. Therefore, there is no franchise operating history to report for the three-year period preceding the issuance date of this disclosure document. We opened our first affiliate-owned unit in May~~ ***The "company-owned" outlet is owned by our affiliate.**
- ~~2014 in New Jersey.~~

Table No. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS ~~2012~~2014 TO 2016~~2014~~		
State	**Year**	**Number of Transfers**
	2014~~2012~~	~~0~~1

~~All States~~New Jersey	~~2013~~2015	~~0~~2
	2016~~2014~~	0
Total*	2014~~2012~~	~~0~~1
	~~2013~~2015	~~0~~2
	2016~~2014~~	0

~~• We began franchising on June 25, 2014. Therefore, there is no franchise operating history to report for the three-year period preceding the issuance date of this disclosure document.~~

Table No. 3

STATUS OF FRANCHISE OUTLETS FOR YEARS ~~2012~~2014 TO 2016~~2014~~

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
~~New Jersey~~Arizona	2014~~2012~~	0	0	0	0	0	0	0
	~~2013~~2015	0	0	0	0	0	0	0
	2016~~2014~~	0	2	0	0	0	~~0~~1	~~2~~1
California ~~Total*~~	2014~~2012~~	0	0	0	0	0	0	0
	~~2013~~2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
Colorado	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
Connecticut	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	1	0	0	0	0	2

Florida	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	3	0	0	0	0	3
Michigan	2014	0	0	0	0	0	0	0
	2015	0	3	0	0	0	0	3
	2016	3	1	0	0	0	2	2
New Jersey	2014	0	2	0	0	0	0	2
	2015	2	3	0	0	*1	0	4
	2016	4	1	0	0	0	3	2
North Dakota	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
South Dakota	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
Texas	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	4	0	0	0	1	3
Virginia	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
Total*	2014	0	2	0	0	0	0	2
	2015	2	7	0	0	1*	0	8
	2016	8	20	0	0	0	7	21

*This location was re-acquired by our affiliate.

- ~~We began franchising on June 25, 2014. Therefore, there is no franchise operating history to report for the three-year period preceding the issuance date of this disclosure document.~~

Table No. 4

STATUS OF COMPANY-OWNED* OUTLETS FOR YEARS ~~2012~~2014 TO 2016~~2014~~							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of the Year**
New Jersey	2014~~2012~~	0	~~0~~2	0	0	~~0~~1	~~0~~1
	~~2013~~2015	~~0~~1	0	~~0~~1	0	0	~~0~~2
	2016~~2014~~	~~0~~2	~~1~~0	0	~~0~~1	0	1
Total	~~2012~~2014	0	~~0~~2	0	0	~~0~~1	0
	~~2013~~2015	~~0~~1	0	~~0~~1	0	0	~~0~~2
	2016~~2014~~	~~0~~2	~~1~~0	0	~~0~~1	0	1

***The "company-owned" outlet is owned by our affiliate.**

Table No. 5

PROJECTED OPENINGS AS OF DECEMBER 31, ~~2014~~2016			
State	**Franchise Agreements Signed But Outlet Not Yet Opened**	**Projected New Franchised Outlet In The Next Fiscal Year**	**Projected New Company-Owned Outlet in the Next Fiscal Year**
~~FL~~NJ	~~0~~1	~~1~~0	0

CT	1	0	0
MI	0	~~1~~0	0
FL	27	6	0
TX	19	7	0
CA	0	0	0
DC	0	0	0
GA	0	0	0
OH	3	2	0
IL	0	0	0
VA	2	0	0
NC	0	0	0
PA	3	1	0
AZ	1	0	0
ND	0	0	0
~~NJ~~MD	~~1~~3	~~3~~ 1	~~4~~ 0
~~PA~~SD	1	1	~~1~~0
MN	1	1	0
UT	2	1	0
MO	1	1	0
MA	1	1	0
CO	1	1	0
TN	2	2	0
Total	~~2~~69	~~6~~25	~~5~~0

~~In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.~~

~~Current franchisee information, including store addresses and telephone numbers, is disclosed in~~

~~Exhibit C to this Disclosure Document. As of the issuance date, there were no former system franchisees. In the future, former franchisee information will be provided in Exhibit D.~~

~~If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.~~

During the last three years some franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with ~~us.~~ the franchise System. You may wish to speak with current and former franchisees, but be aware that not all ~~such~~of those franchisees will be able to communicate with you~~. As disclosed above, there are no current or former franchisees. Accordingly, during the last three fiscal years, no former franchisees have signed confidentiality clauses~~.

Current franchisee information as of December 31, 2016, including store addresses and telephone numbers, is disclosed in Exhibit D to this Disclosure Document. Former franchisee information will be provided in Exhibit E.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

As of the Issuance Date of this Disclosure Document, there were no trademark-specific franchisee organizations associated with the System that have either been created, sponsored or endorsed by us, or that have been incorporated or otherwise organized under state law and have requested us to be included in this Disclosure Document within the 60 day period following the close of our fiscal year.

ITEM 21.
FINANCIAL STATEMENTS

THE FOLLOWING FINANCIAL STATEMENTS ARE ATTACHED TO THIS DISCLOSURE DOCUMENT AS EXHIBIT ~~E~~F:

~~1.~~

1. Our Unaudited Financial Statements for the period ended April 30, 2017;
2. Our Audited Financial Statements for the fiscal year ended December 31, 2016; ~~2014.~~

~~We are a start-up franchisor and have not been in business for three years or more. Therefore, we cannot include audited financial statements for the previous three fiscal years.~~
3. Our Audited Financial Statements for the fiscal year ended December 31, 2015; and
4. Our Audited Financial Statements for the fiscal period from June 19, 2014 through December 31, 2014.

Our fiscal year end is December 31.

ITEM 22.
CONTRACTS

THE FOLLOWING AGREEMENTS PROPOSED FOR USE IN THIS STATE ARE ATTACHED AS EXHIBITS TO THIS DISCLOSURE DOCUMENT:

B Franchise Agreement
- Exhibit A – Contract Data Sheet
- Exhibit B – Personal Guarantee
- Exhibit C – Collateral Assignment of Lease
- Exhibit D - Conditional Assignment of Telephone Numbers
- Exhibit E - Assignment & Assumption Agreement
- Exhibit F - Restrictive Covenant Agreement
- Exhibit G - Electronic Funds Transfer Form
- Exhibit H – Security Agreement
- Exhibit I –Pre-Closing Franchise Sales Compliance Questionnaire

F Sample Release

G State Specific Addenda

ITEM 23.
RECEIPTS

Exhibit ~~H~~I of this Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Disclosure Document with an issuance date of ~~April 30, 2015,~~July 26, 2017 by you. Please note that the issuance date is not the effective date for any registration state. Please refer to the state effective dates provided at the beginning of this Disclosure Document under the page titled "State Effective Dates-2017~~2015~~." You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to: Attention: Brian Petruzzi, President and CEO, 170 S New York Rd, Galloway, NJ 08205, 609-442-5189.

-- Last Page --

EXHIBIT A
TO 1000° DEGREES PIZZERIA FRANCHISE INC. FRANCHISE DISCLOSURE DOCUMENT

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

CALIFORNIA

Department of Business Oversight:
320 West 4th Street, Suite 750
Los Angeles, CA 90013
(213) 576-7500 Toll Free (866) 275-2677

1515 K Street, Suite 200
Sacramento, CA 95814
(916) 445-7205
1350 Front Street
San Diego, CA 92101
(619) 525-4233

One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 972-8565

CONNECTICUT

State of Connecticut
Department of Banking
Securities & Restaurant Investments Division
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8230
Agent: Banking Commissioner

HAWAII
(state administrator)
Business Registration Division
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722
(agent for service of process)
Commissioner of Securities
State of Hawaii
335 Merchant Street
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA
(state administrator)
Indiana Secretary of State
Securities Division, E-111
302 Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

(agent for service of process)
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND
(state administrator)
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(for service of process)
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN
(state administrator)
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
525 W. Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117
(for service of process)
Corporations Division
Bureau of Commercial Services
Department of Labor and Economic Growth
P.O. Box 30054
Lansing, Michigan 48909

MINNESOTA
(state administrator)
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
(651) 296-6328

(for service of process)
Minnesota Commissioner of Commerce

NEW YORK
(state administrator)
New York State Department of Law
Bureau of Investor Protection and Securities
120 Broadway, 23rd Floor
New York, New York 10271
(212) 416-8211

(for service of process)
Secretary of State of New York
99 Washington Avenue
Albany, New York 12231
(518) 474-4750

NORTH DAKOTA
North Dakota Securities Department
State Capitol, Fifth Floor, Dept. 414
600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-4712

OREGON
Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND
Securities Division
Department of Restaurant Regulation,
Bldg 69, First Floor
John O. Pastore Center
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9582

SOUTH DAKOTA
Department of Labor and Regulation
Division of Securities
124 South Euclid Suite 104
Pierre, South Dakota 57501
(605) 773-4823

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

(for service of process)
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

(state administrator)
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760
(for service of process)
Director, Department of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, Washington 98501

WISCONSIN
(state administrator)
Division of Securities
Department of Financial Institutions
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703
(608) 266-1064

(for service of process)
Administrator, Division of Securities
Department of Financial Institutions
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703

EXHIBIT B
TO 1000° DEGREES PIZZERIA FRANCHISE INC. FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

1000° DEGREES PIZZERIA FRANCHISE, INC.
FRANCHISE AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into this ____ day of _________ 201____, by and between **1000° Degrees Pizzeria Franchise, Inc**., a New Jersey corporation with its principal place of business at 170 S New York Road, Galloway, NJ 08205 ("Franchisor," "1000° DPFC" "we," "us," or "our"), and _____________ with its principal address at ____) ("Franchisee," "you," or "your.")

BACKGROUND

A. 1000° DPFC, as the result of the expenditure of time, skill, effort and money, owns and continues to develop ~~the *1000° Degrees Pizzeria®*~~a franchise system (the "System") involving the establishment and operation of fast casual pizza restaurants offering authentic Neapolitan-style pizza and related items and beverages prepared to order and served quickly for dine-in or carry-out customers under ~~the mark *1000° Degrees Pizzeria®*~~Franchisor's designated marks (each a "Restaurant").

B. The characteristics of the System include, without limitation sales and operating methods; interior and exterior design; décor; layout; fixtures and furnishings; food preparation and presentation techniques; customer service and development techniques; procedures for inventory and management control; uniform standards and procedures for efficient business operations; training and assistance; marketing programs; menu items and pricing; all of which may be changed, improved and further developed from time to time by the 1000° DPFC.

C. 1000° DPFC identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the ~~mark~~marks *1000 Degrees Neapolitan Pizza®* , the *1000 Degrees Neapolitan Pizza®* logo, *1000° Degrees Pizzeria®* and the *1000° Degrees Pizzeria®* logo, and/or such other different and/or additional trade names, trademarks, and service marks as are now designated and may hereafter be designated by 1000° DPFC in writing for use in connection with the System (the "Proprietary Marks" or "Marks").

D. 1000° DPFC has the right to establish System "Standards and Specifications" for various aspects of the System, including, without limitation, standards and specifications related to location selection, the Restaurant's physical characteristics, operating procedures, products and services offered, supplier qualifications, training, marketing and other aspects that affect and/or relate to the experience of System customers. You are required to comply with 1000° DPFC Standards and Specifications, which 1000° DPFC has the right to (and expects to) change and modify over time. 1000° DPFC's Standards and Specifications will be communicated to you in writing through 1000° DPFC's Operations Manual and other written forms. You acknowledge that complete uniformity may not be possible or practical throughout the System.

E. You desire to enter into the business of operating a Restaurant under the System and to obtain a franchise from 1000° DPFC for that purpose.

F. You have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement and have had sufficient time and opportunity to evaluate and investigate the business concept and the procedure and financial requirement associated with the business as well as the competitive market in which it operates.

G. You understand and acknowledge the importance of 1000° DPFC's high standards of quality, cleanliness, appearance, and service, and the necessity of operating the business franchised under this Agreement in conformity with 1000° DPFC's Standards and Specifications.

AGREEMENT

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

ARTICLE 1. GRANT; RESERVATION OF RIGHTS

1.1 Grant of License. 1000° DPFC hereby grants to you, a non-exclusive license, and you accept the obligation, to operate a single Restaurant (the "Franchised Restaurant" or the "Franchised Business") at the Approved Restaurant Location (as defined in the Contract Data Schedule attached to this Agreement as Exhibit A, which is incorporated herein by reference as set forth fully herein ("Exhibit A")), and to use the Proprietary Marks and the System solely in connection with the operation of the Restaurant, strictly in accordance with the terms and conditions contained in this Agreement. You shall not engage in any other business at the Approved Restaurant Location. You acknowledge and agree that you are obligated to operate the Franchised Restaurant for the duration of the Term. The background paragraphs A through G set forth at the beginning of this Agreement are hereby incorporated by reference as if set forth fully herein.

1.2 Protected Territory Rights. During the Term of this Agreement, so long as you are in substantial compliance with your obligations under this Agreement, and subject to 1000° DPFC's Reservations of Rights set forth in Sections 1.3 and 1.4 below, 1000° DPFC shall not establish, nor license any other person to establish, a Restaurant under the System at any location within the geographic area described in Exhibit A (the "Protected Territory"). In order to retain the Protected Territory rights, you must satisfy your continuing Royalty Fee obligations, as set forth in this Agreement at all times during the Term.

1.3 Reservation of Rights. You expressly acknowledge that the license granted under this Agreement is nonexclusive and that any territorial protection afforded to you under this Agreement relates solely to the operation of the Franchised Restaurant using the Marks and System at the Approved Restaurant Location during the Term. 1000° DPFC retains all other rights. Specifically, but not exclusively, and without limiting the generality of the foregoing, 1000° DPFC, and/or its affiliates, has the right, without granting you any rights therein, to:

1.3.1 establish, and/or license others to establish, restaurants and/or businesses under other systems, using other proprietary marks, which offer or sell other products and services within the Protected Territory;

1.3.2 market, sell and distribute, directly or indirectly, or license others to market, sell and distribute, directly or indirectly, any products, from any location or to any purchaser (whether within or outside the Protected Territory), using the Marks or other trademarks or service marks through alternative channels of distribution, including through the Internet, supermarkets and wholesale distribution centers;

1.3.3 advertise and promote the System within the Protected Territory;

1.3.4 establish and/or operate and license others to establish and/or operate a Restaurant or business at any location outside the Protected Territory, notwithstanding such business's proximity to the Protected Territory; and

1.3.5 acquire, be acquired by, merge or affiliate with or engage in any transaction with any other business (whether or not these businesses are competitive), including competing franchise systems with restaurants operating in the Protected Territory. If 1000° DPFC acquires a competitive business or a competitive franchise in the Protected Territory, 1000° DPFC has the right to operate or license a third party to operate such competitive business in the Protected Territory under the Marks without affording any rights to you or providing you with any compensation.

1.4 Special Venue Accounts. 1000° DPFC shall have the right to develop, open and operate, and to license others the right to develop, open and operate, Restaurant(s) in any Special Venues, including any Special Venue located within the Protected Territory, without providing you any rights therein or compensation therefor. The term "Special Venues" shall mean non-traditional venues, including, without limitation, travel centers, airports, schools, railroad/railway stations, bus stations, government institutions and facilities, hospitals, shopping mall food courts, military installations, stadiums, arenas, convention centers, casinos, boardwalks, amusement parks, theaters, "big box" retail stores, and other locations within institutional or public facilities.

1.5 Modifications to the System.

1.5.1 You understand and agree that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, economic circumstances, demographics, populations, consumer trends, societal trends, regulations, and other marketplace variables. Accordingly, you expressly understand and agree that 1000° DPFC may supplement, improve, and otherwise modify the System at any time in the future, in 1000° DPFC's sole discretion. In the interest of preserving the integrity of the System, 1000° DPFC shall have full control and discretion over such developments, and you shall comply with all of 1000° DPFC's requirements in that regard, including, without limitation, offering and selling new or different products or services, participating in specific promotions, including price-point promotions, or discontinuing sales of certain products or offering of certain services. 1000° DPFC will provide you with reasonable notice of any System modifications and you shall be required to comply with any such modifications within the time period specified in the notice. 1000° DPFC shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby.

1.5.2 If you, any of your owners if you are a legal entity (each an "Owner"), or any of your employees, develop any new modification, concept, process, improvement or slogan related to the operation or promotion of the Franchised Restaurant or the System, the same shall be deemed a work made for hire. You shall promptly notify 1000° DPFC of, and provide 1000° DPFC with all necessary information regarding such modification, concept, process, improvement or slogan. You acknowledge that any such modification, concept, process, improvement or slogan shall become 1000° DPFC's sole and exclusive property and that 1000° DPFC may use, and allow other franchisees to use, the same in connection with the System and the operation of Restaurants, without compensation to you.

1.6 No Additional Rights. You acknowledge and agree that this Agreement relates solely to, and is limited to, the operation of the Franchised Restaurant at the Approved Restaurant Location, and affords you no right, title or interest in any additional franchises to be operated at any other location (subject to relocation of the Franchised Restaurant, if authorized, in accordance with the terms and conditions of this Agreement). You shall not, without the express written permission of 1000° DPFC, which permission may be withheld in 1000° DPFC's sole and absolute discretion, offer or sell products or services through any other means or locations, including, without limitation, retail or wholesale stores, supermarkets, grocery stores, convenience stores, temporary locations, portable carts, kiosks or trailers, catalogs, mail order or electronic means (including the Internet).

ARTICLE 2: APPROVED RESTAURANT LOCATION

2.1 Approved Restaurant Location.

2.1.1 Site Selection Period. If you have not secured an Approved Restaurant Location as of the Effective Date, you shall at your sole cost and expense, (a) find a location within the Designated Area identified in Exhibit A for the Franchised Restaurant, which location shall be subject to 1000° DPFC's prior approval, which may be granted or withheld in 1000° DPFC's sole and absolute discretion, (b) enter into a binding lease agreement for the location within 90 days after signing this Agreement in accordance with the terms and conditions of this Agreement, and (c) begin constructing and equipping the Franchised Restaurant in strict accordance with 1000° DPFC's then-current standards, procedures, plans and specifications.

2.1.2 You shall submit a proposed location for the Franchised Restaurant in writing in advance to 1000° DPFC for approval of the location. 1000° DPFC will approve or disapprove the proposed location within 30 days after the date 1000° DPFC receives all information 1000° DPFC requests regarding the proposed location. If 1000° DPFC does not approve or disapprove the proposed location within this 30-day period, the proposed location will be deemed disapproved.

2.1.3 You acknowledge that the location, selection, procurement and development of the site for the Franchised Restaurant are your responsibilities. You further acknowledge that 1000° DPFC's approval of a site and/or rendering of assistance in the selection of any site, does not constitute a representation, promise, warranty or guarantee, express or implied, by 1000° DPFC, its officers, employees, directors or agents, as to the potential sales volume, profits, or success of the Franchised Restaurant to be developed, opened and operated by you at the location. 1000° DPFC will not have any liability to you with respect to any assistance 1000° DPFC provided to you in making your selection, and in 1000° DPFC's recommendation or approval of any location.

2.1.4 If you do not secure an Approved Restaurant Location within 90 days after signing this Agreement, 1000° DPFC has the right to immediately terminate this Agreement.

2.1.5 Once the location for the Franchised Restaurant is secured in accordance with the terms of this Agreement, the parties shall amend Exhibit A to identify the approved location as the "Approved Restaurant Location."

2.2 Lease Requirements. You shall acquire or lease the Approved Restaurant Location at your expense. If you lease the Approved Restaurant Location, you must obtain 1000° DPFC's prior written approval, which may be granted or withheld in 1000° DPFC's sole and absolute discretion, before entering into a lease agreement. You shall provide a copy of the proposed lease agreement ~~and pay~~ to 1000° DPFC~~, or its designated supplier, a lease review fee of $1,500 (the "Lease Review Fee"),~~ before you sign any lease agreement. ~~The Lease Review Fee pays the expenses 1000° DPFC incurs to review the lease on 1000° DPFC's behalf. You are not a third party beneficiary of the lease review.~~ You agree that 1000° DPFC does not guarantee that the terms, including rent, will represent the most favorable terms available in the market.~~ If 1000° DPFC is required to engage in more than one lease review for the proposed franchised location (or a different proposed franchised location), you shall pay 1000° DPFC or its designated supplier a Lease Review Fee for each lease review 1000° DPFC undertakes.~~ You shall provide 1000° DPFC with a copy of your fully executed lease agreement immediately after signing. 1000° DPFC is not required and has no obligation to negotiate the terms of your lease. 1000° DPFC requires the inclusion of certain provisions in the lease, including but not limited to:

2.2.1 The requirement that you and the landlord execute and deliver to 1000° DPFC a collateral assignment of your rights under the lease in the form attached to this Agreement as Exhibit C, pursuant to which you must, at 1000° DPFC's option, assign all of your rights under the lease to 1000° DPFC or its designee upon termination or expiration of this Agreement.

2.2.2 A provision that, if you fail to timely pay all amounts due to 1000° DPFC, or the lessor, 1000° DPFC has the right to charge and collect from you all resulting costs and expenses incurred by and penalties imposed on 1000° DPFC.

2.2.3 A provision which restricts the use of the premises solely to the operation of the Franchised Restaurant.

2.2.4 A provision which prohibits you from subleasing or assigning all or any part of your occupancy rights, or extending the term of or renewing the lease, without 1000° DPFC's prior written consent, which 1000° DPFC may withhold in its sole and absolute discretion.

2.2.5 A provision giving 1000° DPFC the right to enter the premises to make modifications necessary to protect the Marks or the System, or to cure any default under this Agreement, including the right to de-identify the Approved Restaurant Location as a Restaurant and to remove or destroy any material bearing any of the Marks.

2.2.6 Any other provision which 1000° DPFC deem necessary in its sole and absolute discretion.

2.3 Relocation. You may not relocate the Franchised Restaurant unless you (a) obtain 1000° DPFC's prior written consent, which may be granted or withheld in 1000° DPFC's sole and absolute discretion, and (b) meet and satisfy all of the following conditions: (a) you are not in default under this Agreement, any other Agreement between 1000° DPFC, or any of its affiliates on the one hand, and you; (b) you and all persons and entities that have executed the Personal Guarantee agreeing to be bound by your obligations under this Agreement (each a "Guarantor", collectively "Guarantors") have agreed to cancel this Agreement and execute a new Franchise Agreement in the form that is currently effective at the time of relocation (with a term equal to the them remaining term of this Agreement); (c) you have secured a site which meets with 1000° DPFC's then-current size and demographic requirements, and if you are leasing the space, you have submitted the proposed lease agreement for 1000° DPFC's review~~ and paid 1000° DPFC's then-current lease review fee~~; (d) you agree to equip and furnish your new Franchised Restaurant so that it meets the standards of appearance and function applicable to new System Restaurants at the time of relocation; (e) you and your Guarantors and Owners shall have executed a general release, in a form satisfactory to 1000° DPFC, of any and all claims against 1000° DPFC, its affiliates, parents, subsidiaries and their respective members, managers, directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individualized capacities including, without limitation, claims arising under this Agreement, any other agreement between you and 1000° DPFC or its affiliates, and federal, state and local laws and rules; and (f) you may cease to operate the Franchised Restaurant for no more than one (1) day only for the purposes of moving all equipment from the old Approved Restaurant Location to the new Approved Restaurant Location. If 1000° DPFC consents to the relocation, Franchisee shall pay to 1000° DPFC an "Offset Fee" of $1,500 immediately upon receipt of 1000° DPFC's written consent. If 1000° DPFC consents to any proposed relocation, you shall comply with any and all conditions imposed by 1000° DPFC in connection with any such approved relocation, including, without limitation, compliance with site selection criteria, construction and build-out requirements, lease requirements, and opening requirements.

2.4 Lease Renewal Efforts. If the term of the lease for the Franchised Restaurant is shorter than the Term of this Agreement, you shall use your best efforts to obtain a renewal of the existing lease of the Franchised Restaurant premises, or a new lease for the Franchised Restaurant premises, to enable you to continue to operate the Franchised Restaurant at the Approved Restaurant Location for the duration of the entire term of this

Agreement. You shall provide 1000° DPFC with written notice of your lease expiration no later than eight months prior to the expiration of your lease term.

ARTICLE 3: TERM & SUCCESSOR FRANCHISE

3.1 Initial Term. The initial term of this Agreement shall commence on the Effective Date and shall expire ten years from the Effective Date, unless sooner terminated by 1000° DPFC in accordance with terms of this Agreement (the "Initial Term" or "Term").

3.2 Successor Franchise Agreement. Upon the expiration of the Initial Term, Franchisee shall have the option to obtain a Successor Franchise Agreement for an additional ten-year term ("Successor Term"); *provided*, *however*, that this Agreement has not been terminated and you have complied with the following conditions precedent:

3.2.1 You shall deliver written notice to 1000° DPFC of your desire to obtain a Successor Franchise Agreement no later than 180 days prior to the expiration of the Initial Term;

3.2.2 You shall not be in default of any provision of this Agreement, any amendments or successors to this Agreement, or any other agreement between you (or any of your Owners, Guarantors or affiliates) and 1000° DPFC and/or its subsidiaries and affiliates at the time you deliver the notice required under Section 3.2.1 above, or on the date the Initial Term expires;

3.2.3 You must not have received more than three written notices of default of this Agreement during the Initial Term, nor more than two such notices during the five years immediately preceding the expiration of the Initial Term;

3.2.4 You shall have satisfied all monetary obligations owed by you to 1000° DPFC and 1000° DPFC's subsidiaries and affiliates;

3.2.5 You shall make any renovations and improvements to the Franchised Restaurant as 1000° DPFC deems necessary to modernize, renovate, equip and decorate the Franchised Restaurant to reflect 1000° DPFC's then-current System standards;

3.2.6 You shall execute 1000° DPFC's then-current form of franchise agreement (the "Successor Franchise Agreement"), which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement and may include increased fees (including increased Royalty Fee and Advertising Fee); *provided*, *however*, that you shall not be required to pay another initial franchise fee. You must sign the Successor Franchise Agreement at least 30 days before the Initial Term expires;

3.2.7 You shall execute a general release, in a form prescribed by 1000° DPFC, of any and all claims against 1000° DPFC, its officers, directors, managers, employees and agents, as well as 1000° DPFC's affiliates, parents and subsidiaries and their respective officers, directors, managers, employees and agents;

3.2.8 You shall comply with 1000° DPFC's then-current qualification and training requirements; and

3.2.9 You shall pay to 1000° DPFC, a successor franchise fee equal to $15,000.

If you do not elect to, or are not entitled to, obtain a Successor Franchise Agreement, then you lose the right to exercise the option.

ARTICLE 4. CONSTRUCTION AND OPENING

4.1 Construction Requirements.

4.1.1 Plans and Specifications. 1000° DPFC will provide you with 1000° DPFC's then-current generic, prototypical plans for a typical Restaurant, including a sample layout for the interior of a typical franchised location. You acknowledge that such plans and specifications shall not contain the requirements of any federal, state, or local law, code, or regulation (including, without limitation, those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build the Franchised Restaurant. It shall be your sole and absolute responsibility to construct the Franchised Restaurant in accordance with all applicable laws, including the ADA and local laws, rules and regulations governing public accommodations.

4.1.2 Adaptation of Plans and Specifications. You shall, at your sole cost and expense, employ architects, designers, engineers or others as may be necessary to complete, adapt, modify or substitute the sample plans and specifications to 1000° DPFC prior to commencing construction of the Franchise Restaurant. 1000° DPFC will review such plans and specifications and will approve or provide comments on the plans and specifications to you.

4.1.3 1000° DPFC Approval. You shall not commence construction of the Franchised Restaurant until 1000° DPFC approves, in writing, the final plans and specifications to be used in constructing the Franchised Restaurant. Once the final plans are approved, you shall cause the Restaurant to be completed in full accordance therewith.

4.1.4 Alterations and Modifications. If 1000° DPFC determines that the Franchised Restaurant is not being built, or was not built, in full accordance with the final plans, 1000° DPFC shall have the right to require you to cause to be made all alterations or modifications of the Franchised Restaurant that 1000° DPFC deems necessary. 1000° DPFC may consult with you, to the extent 1000° DPFC deems necessary, on the construction and equipping of the Franchised Restaurant, but it will be and remain your sole responsibility to diligently design, construct, equip and otherwise ready and open the Franchised Restaurant.

4.1.5 Zoning and Permits. You shall be responsible, at your expense, for obtaining all zoning classifications, permits, clearances, certificates of occupancy, and Franchised Restaurant clearances, which may be required by governmental authorities for the Franchised Restaurant.

4.1.6 Insurance Coverage. You shall obtain and maintain in force, during the entire period of such construction, such insurance policies and for such amounts as 1000° DPFC may designate in its sole discretion.

4.1.7 Licensed Contractors. You shall use licensed general contractors, designers and architects in performing any and all construction work at the Franchised Restaurant, including in connection with any remodeling or renovations. 1000° DPFC expressly disclaims any warranty of the quality or merchantability of any goods or services provided by architects, contractors, or any other persons or entities to which 1000° DPFC may refer to you. 1000° DPFC is not responsible for delays in the construction, equipping or decoration of any Franchised Restaurant or for any loss resulting from the Franchised Restaurant design or construction. You acknowledge that 1000° DPFC has no control over the landlord or developer and numerous construction and/or related problems that could occur and delay the opening of the Franchised Restaurant.

4.1.8 1000° DPFC Access to Restaurant and Progress Reports. 1000° DPFC shall have access to the Franchised Restaurant at all times during the Term, including while work is in progress, and may require alterations or modifications of the construction of the Franchised Restaurant that 1000° DPFC deems necessary.

4.1.9 Final Inspection; Approval. You shall promptly notify 1000° DPFC of the date of completion of the construction of the Franchised Restaurant and, within 10 days thereafter, 1000° DPFC shall have the right to conduct a final inspection of the Franchised Restaurant. You shall not open the Franchised Restaurant for business without the express written authorization of 1000° DPFC, and 1000° DPFC's authorization to open may be conditioned upon your strict compliance with the specifications of the approved final plans and with the standards of the System.

4.1.10 Completion and Opening Requirements. You shall complete construction of the Franchised Restaurant (including all exterior and interior carpentry, electrical, painting, and finishing work, and installation of all furniture, fixtures, equipment, and signs) in accordance with the plans approved in writing by 1000° DPFC, at your expense, and open the Franchised Restaurant no later than: (a) 270 days after you sign this Agreement; or (b) 180 days after the date on which you enter into a valid and binding lease agreement or purchase agreement, as applicable, for the Approved Restaurant Location (the "Required Opening Date").

4.2 Installation of Equipment, Furnishings, Fixtures and Signs / Decor.

4.2.1 You shall install and use in and about the Franchised Restaurant only such equipment, fixtures, furnishings, interior and exterior signage, and other personal property which strictly conforms to the appearance, uniform standards, specifications and procedures of 1000° DPFC and the System, as may be revised from time to time in 1000° DPFC's sole discretion. Such items are sometimes referred to herein collectively as

"Equipment and Furnishings". You shall purchase and install all Equipment and Furnishings only from those suppliers 1000° DPFC designates or approves in its sole discretion. 1000° DPFC shall have the right to retain any rebates or incentives offered by such vendors or suppliers. 1000° DPFC reserves the right to be one of, or the sole, supplier of any Equipment and Furnishings and may derive revenue, benefits, or other material consideration from such purchases. 1000° DPFC shall have the right to inspect and approve all Equipment and Furnishings and their installation to ensure your compliance with 1000° DPFC's Standards and Specifications.

4.2.2 You agree that all décor of the Franchised Business must be previously approved by 1000° DPFC and must comply with 1000° DPFC's standards as described in the Manual or in other written communications 1000° DPFC provides to you, which may be periodically revised. 1000° DPFC owns all copyrights in and to all forms of art or other visual media displayed in your Franchised Restaurant including pictures, drawings, photographs and items that 1000° DPFC directs you to display (the "Art"), as well as all intellectual property rights in and to the Art. You shall not, without 1000° DPFC's prior written consent, allow any of the Art to become a fixture of your Franchised Restaurant and you shall not display or use the Art in any other business, including any Competitive Business. Your failure to maintain your Franchised Restaurant's décor in compliance with 1000° DPFC's specifications and standards described in the Manual or otherwise, constitutes a material breach of this Agreement.

4.3 Initial Inventory Package, Equipment, Furniture and Supplies.

4.3.1 After you sign this Agreement and before you open your Franchised Restaurant, 1000° DPFC will give you lists of the start-up inventory, furniture, fixtures, software, equipment and supplies 1000° DPFC requires you to obtain before you open along with a list of any designated or approved suppliers.

4.3.2 You must purchase the Initial Inventory Package from DPFC, unless DBFC designates otherwise, before you open the Franchised Restaurant. 1000° DPFC does not provide any warranty or service guaranty of any item, including, without limitation, any inventory item.

4.3.3 Unless 1000° DPFC designates otherwise in writing, you will establish independent commercial relationships with 1000° DPFC's approved or designated suppliers for specific items. You will establish independent commercial relationships with other suppliers for the goods and services for which 1000° DPFC only provides specifications. 1000° DPFC's list of approved suppliers and specifications for goods and services will be set forth in the Operations Manual or in other materials 1000° DPFC gives you from time to time.

ARTICLE 5. FEES

5.1 Initial Franchise Fee. In consideration of the franchise granted under this Agreement, you shall pay to 1000° DPFC, upon or prior to the execution of this Agreement, an initial franchise fee of $~~25,000~~29,500 (the "Initial Franchise Fee"). The Initial Franchise Fee is deemed fully earned and non-refundable upon payment.

5.2 Royalty Fee. During the Term, you shall pay to 1000° DPFC, without offset, credit or deduction of any nature, a continuing nonrefundable royalty fee equal to ~~5~~6% of Gross Sales (the "Royalty Fee"). The Royalty Fee shall be due and payable in accordance with Section 5.4 of this Agreement. Notwithstanding the foregoing, ~~for (a)~~so long as you are in compliance with your obligations under this Agreement and all other agreements entered into by and between you (or any of your affiliates) and us, for your second ~~through your tenth (10th)~~ and each subsequent 1000 Degrees Pizzeria franchise agreement, your monthly Royalty Fee will be reduced to ~~4.75% of Gross Sales; and (b) your eleventh franchise agreement and each subsequent franchise agreement, your monthly Royalty Fee will be reduced to 4.~~5% of Gross Sales.

5.3 Advertising Fee. During the Term, you will pay to 1000° DPFC or its designee a continuing advertising fee equal to ~~1.75~~2% of Gross Sales (the "Advertising Fee"). The Advertising Fee shall be due and payable in accordance with Section 5.4 of this Agreement, and the following provisions:

5.3.1 You shall make the Advertising Fee payments as 1000° DPFC directs, in sole and absolute discretion, to one or more Funds (as defined Article 13 of this Agreement) established or designated by 1000° DPFC for advertising, marketing, promotion or other purposes, and/or for Local Marketing Purposes, as specified in Article 13 of this Agreement. Initially, the allocation of the Advertising Fee shall be such amounts as set forth in Exhibit A; however, 1000° DPFC shall have the right to adjust and reallocate the Advertising Fee, at any time in 1000° DPFC's sole and absolute discretion, by providing written notice to you, subject to the ~~1.75~~2% limit.

5.3.2 1000° DPFC reserves the right to direct that you pay an amount less than the entire Advertising Fee for a period of time designated by 1000° DPFC, in its sole discretion, at any time.

5.3.3 You acknowledge and agree that 1000° DPFC shall have the right to enforce your obligation to pay the entire Advertising Fee to the Funds in 1000° DPFC's sole and absolute discretion, at any time.

5.4. Method of Payment. You shall pay the Royalty and Continuing Advertising fee in the manner and on the date designated by 1000° DPFC. 1000° DPFC has the right to change the date and manner through which it requires you to pay any or all amounts due to 1000° DPFC under this Agreement upon written notice to you at any time. You must immediately comply with all such changes and sign any and all document and agreements necessary to implement any such payment program or process. Unless otherwise designated by 1000° DPFC in writing, you shall pay the Royalty Fee and the Advertising Fee on a monthly basis, by electronic funds transfer ("EFT"). The Royalty Fee and Advertising Fee shall be payable as follows:

5.4.1 Royalty Fee Pay Period: 1000° DPFC will automatically draft the Royalty Fee due based on the Gross Sales for the previously concluded month via EFT on the 10th day of each month. 1000° DPFC may, in its sole and absolute discretion, permit or require you to pay the Royalty Fee to 1000° DPFC via check, which check shall be due on the 10th day of each month for the Royalty Fee due in connection with the immediately preceding month.

5.4.2 Advertising Fee Pay Period: 1000° DPFC will automatically draft the Advertising Fee due based on the Gross Sales for the previously concluded month via EFT on the 10th day of each month. 1000° DPFC may, in its sole and absolute discretion, permit or require you to pay the Advertising Fee to 1000° DPFC via check, which check shall be due on the 10th day of each month for the Advertising Fee due in connection with the immediately preceding month.

5.4.3 1000° DPFC reserves the right to change the dates on which Royalty Fee and Advertising Fee may be paid upon no less than 60 days prior notice.

5.5 EFT.

5.5.1 You shall, upon execution of this Agreement, and at any time thereafter at 1000° DPFC's request, sign and deliver to 1000° DPFC such documents or forms as 1000° DPFC determines are necessary for 1000° DPFC to process EFT payments initiated by 1000° DPFC for any and all amounts you owe to 1000° DPFC under this Agreement, including Royalty Fee and Advertising Fee. A form of Authorization Agreement is attached as Exhibit G to this Agreement. In addition, from time to time at 1000° DPFC's reasonable request, you must sign any other and further documents 1000° DPFC may require to enable 1000° DPFC to draw drafts against your bank accounts for such purposes.

5.5.2 You shall report all Gross Sales to 1000° DPFC in the form and manner designated by 1000° DPFC. If any Gross Sales information obtained by or submitted to 1000° DPFC is subsequently determined by 1000° DPFC to be inaccurate, and the actual amount of the Advertising Fee and Royalty Fee due were (i) more than the amount of the EFT processed by 1000° DPFC, then 1000° DPFC shall be entitled to withdraw additional funds through EFT from your designated bank account for the difference; or (ii) less than the amount of the EFT by 1000° DPFC, then 1000° DPFC shall either return the excess amount to you, or credit the excess amount to the payment of your future Royalty Fee and/or Advertising Fee obligations.

5.5.3 Should any EFT payment not be honored by your bank for any reason, you agree that you shall be responsible for that payment plus any bank or other charge incurred by or assessed upon 1000° DPFC, if any. You further agree that you shall at all times throughout the Term maintain a balance sufficient to cover the Advertising Fee and Royalty Fee in your bank account against which such EFT payments are to be drawn. If Advertising Fee and Royalty Fee are not received when due, interest may be charged by 1000° DPFC in accordance with Section 5.11.

5.5.4 Upon written notice to you, 1000° DPFC may require you to pay Royalty Fee, Advertising Fee and any other fees due under this Agreement directly to 1000° DPFC in the form and manner designated by 1000° DPFC, in lieu of EFT, at 1000° DPFC's sole discretion.

5.6 Gross Sales Reporting. You shall prepare and submit to 1000° DPFC via electronic mail to the email address designated by 1000° DPFC, or such other delivery method as specified by 1000° DPFC a monthly Gross Sales report reflecting all Gross Sales for the previously concluded month on or before the 10th day of the subsequent month. You hereby acknowledge that 1000° DPFC has the unrestricted right to access your POS System (as defined in Section 8.4 of this Agreement), which may include access to daily Gross Sales information. 1000° DPFC reserves the right to require you to prepare and submit Gross Sales reports and/or statements in the form and manner designated by 1000° DPFC at any time, in lieu of collecting written Gross Sales reports via electronic mail. You shall immediately comply with any and all such requirements upon your receipt of written notice from 1000° DPFC. If, for any reason 1000° DPFC is unable to access your Gross Sales electronically, or if you fail to submit Gross Sales information in the form and manner designated by 1000° DPFC for any given month, 1000° DPFC shall have the right to deduct from your bank account an amount equal to the Royalty Fee payment and Continuing Advertising Fee paid to 1000° DPFC for the immediately preceding period.

5.7 "Gross Sales" Defined. As used in this Agreement, "Gross Sales" shall mean all revenue derived from the sale of any and all products and services, and all other income of every kind and nature, related in any way to the Franchised Restaurant, whether for cash or credit (and regardless of collection in the case of credit) and whether or not such sales are made at or by the Franchised Restaurant, including but not limited to catalog or mail order sales, internet sales (or the like), sales to restaurants, clubs, hotels and the like, and corporate gifts; *provided*, *however*, that you may deduct any sales taxes which were collected by you as required by law. You shall retain and make available to 1000° DPFC on ten days' notice, copies of all tax reports and vendor invoices evidencing all sales tax payments.

5.8 Taxes. If any tax or fee (other than federal or state income tax) is imposed on 1000° DPFC by any government or governmental agency due to 1000° DPFC's receipt of fees you pay to 1000° DPFC under this Agreement, then you agree to pay 1000° DPFC the amount of such tax as an additional franchise fee. 1000° DPFC shall have no liability for any sales, use, excise, gross receipts, income, property or other taxes, whether levied upon you, the Franchised Restaurant or its assets, in connection with the sales made, services performed or business conducted by you.

5.9 No Offset or Withholding. You shall not offset or withhold payments owed to 1000° DPFC for amounts purportedly due to you from 1000° DPFC or its affiliates as a result of any dispute of any nature or otherwise, but will pay such amounts to 1000° DPFC and only thereafter seek reimbursement.

5.10 Allocation. 1000° DPFC shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee to 1000° DPFC or its affiliates, despite any other allocation by Franchisee.

5.11 Interest on Late Payments. All Royalty Fees, Advertising Fees, amounts due for purchases from 1000° DPFC or its affiliates, and other amounts which you owe to 1000° DPFC or its affiliates shall bear interest after the due date at the lesser of the highest legal rate permissible or 18% per annum. You acknowledge that this Section 5.11 shall not constitute 1000° DPFC's agreement to accept such payments after the due date or a commitment by the 1000° DPFC to extend credit to, or otherwise finance, your operation of the Franchised Restaurant.

ARTICLE 6. 1000° DPFC'S DUTIES

6.1 Pre-Opening Obligations.

6.1.1 1000° DPFC shall make available to you, at no charge, generic, standard specifications for the construction of a prototypical *1000° Degrees Pizzeria®* Restaurant, including exterior and interior design and layout, display requirements, fixtures, equipment and signage. You shall, at your expense, adapt the standard specifications to the Franchised Restaurant at the Approved Restaurant Location, as provided in this Agreement.

6.1.2 1000° DPFC shall provide your Franchisee Training Team with an initial training program prior to the opening of the Franchised Restaurant. All initial training provided by 1000° DPFC shall be subject to the terms and conditions set forth in this Agreement.

6.1.3 1000° DPFC shall provide to you such on-site pre-opening and opening supervision and assistance as 1000° DPFC, in its sole discretion, deems advisable, subject to the availability of 1000° DPFC's personnel.

6.1.4 1000° DPFC shall provide to you, access to one copy of the Manual (as defined in this Agreement), which 1000° DPFC may elect to provide either in written or electronic format. Any additions and modifications thereto as 1000° DPFC may issue from time to time, in its discretion, to incorporate new developments or other changes in System standards, specifications, procedures, and techniques (including, to the full extent the law allows, the maximum, minimum, or other prices for products and services offered and sold by Restaurants), will be provided to you. You must pay the then-current replacement fee as established by 1000° DPFC for replacing the Manual or other materials.

6.1.5 1000° DPFC shall provide you with information and the identification of sources to purchase certain designated products, equipment, furnishings, fixtures, supplies, inventory, signage and Restaurant collateral materials.

6.2 Additional Discretionary Assistance. 1000° DPFC may, in its sole discretion, provide the following:

6.2.1 Additional training programs, after the opening of the Franchised Restaurant, as 1000° DPFC, in its sole discretion, deems appropriate.

6.2.2 Continuing advisory assistance in the operation of the Franchised Restaurant, after the opening of the Franchised Restaurant, as 1000° DPFC, in its sole discretion, deems advisable.

6.2.3 Advice and written materials concerning techniques of managing and operating the Franchised Restaurant, including required and suggested inventory and sales instructions, new developments and improvements in Restaurant layout and design, and new developments in services, merchandising and packaging of services and products.

6.3 Outsourcing. 1000° DPFC may, in its sole discretion, elect to outsource, and/or subcontract certain of 1000° DPFC's obligations under this Agreement to subsidiaries, affiliates, contract employees, third-party vendors, and/or other third-party suppliers; provided (i) any such outsourcing and/or subcontracting shall not discharge 1000° DPFC from its obligations under this Agreement, and (ii) any such outsourced or subcontracted obligations shall be performed in accordance with the terms of this Agreement.

ARTICLE 7. TRAINING

7.1 Initial Training Program.

7.1.1 Franchisee Training Team. Franchisee (or one of Franchisee's owners if Franchisee is a legal entity) and Franchisee's designated manager (Franchisee may serve as the designated manager) (the "Franchisee Training Team"). Franchisee is permitted, but not required, to bring one additional person who must be an owner or employee to initial training at no charge. The Restaurant must, at all times during the Term, be under the day-to-day supervision of a designated manager who has satisfactorily completed our training program.

7.1.2 Training Completion Deadline. The Franchisee Training Team shall attend and successfully complete, to 1000° DPFC's satisfaction, an initial training program prescribed by 1000° DPFC before the opening of the Franchised Restaurant ("Initial Training"). Each member of the Franchisee Training Team who successfully completes the Initial Training Program in accordance with the foregoing shall be deemed a "Trained Manager". The Franchisee Training Team must complete the Initial Training no later than 15 days before the Franchised Restaurant opens for business. Franchisee shall not be permitted to open the Franchised Restaurant until the Initial Training is completed in accordance with this Agreement.

7.1.3 Responsibility for Costs & Expenses. There is no fee payable to 1000° DPFC for Initial Training for the Franchisee Trainees, however, you will be responsible for the costs set forth in Section 7.2 below. Additionally, any persons subsequently employed by you in the position of Franchisee Managing Owner shall also attend and complete Initial Training to 1000° DPFC's satisfaction before commencing his or her management duties. The Franchised Restaurant shall always be operated under the management and supervision of an individual who has successfully completed Initial Training.

7.2 Location of Training. All training programs shall be at such times and places as may be designated by 1000° DPFC. You shall be responsible for any and all costs and expenses incurred in connection with any such courses, seminars, and programs (including, without limitation, the costs of employee wages, transportation, lodging and meals). If 1000° DPFC determines to conduct such training at the Franchised Restaurant, Franchisee shall reimburse 1000° DPFC for the reasonable out-of-pocket expenses incurred by 1000° DPFC's training instructor(s), including but not limited to travel expenses, food and lodging, and auto rental.

7.3 Additional Training.

7.3.1 If you request additional training or retraining for any of the Franchisee Trainees any time after you complete Initial Training, 1000° DPFC may provide it, at 1000° DPFC's sole discretion, at a location and time convenient for 1000° DPFC. If 1000° DPFC agrees to provide additional training at your location, you will pay 1000° DPFC in advance a standard hourly fee that 1000° DPFC will establish periodically. If 1000° DPFC is offering training courses at 1000° DPFC's facilities, there may be a fee established for each course. All hourly and course fees are subject to periodic change. The hourly fee at your location does not include 1000° DPFC's expenses; you will be responsible for all expenses 1000° DPFC or its personnel incurs.

7.3.2 1000° DPFC may require, in 1000° DPFC's sole and absolute discretion, any one or all of the Franchisee Trainees, including any replacement trainees, to attend and successfully complete any periodic refresher training courses, and retraining courses to correct any problems or deficiencies 1000° DPFC becomes aware of in the operation of the Franchised Restaurant ("Additional Training"). All such persons shall attend Additional Training at your expense and at the times and locations 1000° DPFC designates. If 1000° DPFC elects to provide Additional Training at your location, you will pay 1000° DPFC in advance a standard hourly fee that 1000° DPFC will establish periodically (the "Hourly Training Fee"), plus all reasonable out-of-pocket expenses incurred by 1000° DPFC's training instructor(s), including, without limitation, travel expenses, food and lodging and auto rental. If 1000° DPFC requires Additional Training at 1000° DPFC's facilities, you will pay 1000° DPFC in advance all Hourly Training Fees, and you shall be responsible for all costs of attendance including travel expenses, meals and lodging, and auto rental fees.

7.3.3 1000° DPFC reserves the right in its discretion to provide elements of any training required or contemplated under this Agreement via the Internet, otherwise online, remotely, via audio or video conferencing, or in any other manner that may be reasonable or appropriate under the circumstances.

7.3.4 1000° DPFC may require you to attend one annual conference per year on the dates designated by 1000° DPFC. You shall pay any and all required registration fees to attend each such annual conference and you shall be responsible for all costs of attendance, including travel expenses, meals and lodging and auto rental fees.

ARTICLE 8. GENERAL OPERATING STANDARDS AND DUTIES OF FRANCHISEE

8. Franchisee Performance Obligations.

8.1 System Standards and Specifications. You understand and acknowledge that every detail of the Franchised Restaurant is important to you, 1000° DPFC, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all franchisees, and to protect the reputation and goodwill of 1000° DPFC and the System. You shall maintain 1000° DPFC's high standards with respect to facilities, services, products, and quality. Without limiting the generality of the foregoing, you shall construct, open, maintain and operate the Franchised Restaurant for the entire term in accordance with the System and this Agreement, including the standards and specifications set forth in this Agreement, all requirements of the Manual and any other written publication or policy issued by the 1000° DPFC. You agree to operate the Franchised Restaurant in accordance with the System and only for the purpose designated in this Agreement, the Manual and other publications 1000° DPFC issues from time to time.

8.2 General Operational Obligations.

8.2.1 Quality Standards. All goods (including food and beverage products, equipment, supplies, materials and other items) used or offered for sale at the Franchised Restaurant shall meet 1000° DPFC's then current standards of quality, good taste, suitability, conformity with the System's image and consumer expectation. You shall maintain all products, refrigeration equipment and other equipment in the Franchised Restaurant in excellent working condition. You shall replace such items with either the same or substantially the same types and kinds of equipment approved by 1000° DPFC at the time replacement becomes necessary.

8.2.2 Hours of Operation. You shall keep the Franchised Restaurant open and in normal operation for such minimum hours and days as 1000° DPFC may specify in its sole and absolute discretion. You shall use the Approved Restaurant Location solely for the operation of the Franchised Restaurant and no portion of the premises may be assigned, subleased, or otherwise transferred except as part of a sale of the Franchised Restaurant that is approved by 1000° DPFC in writing. You shall refrain from using or permitting the use of the Franchised Restaurant premises for any purpose or activity other than the operation of a restaurant at any time, and shall operate in strict conformity with such methods, standards and specifications as 1000° DPFC may prescribe from time to time.

8.2.3 Direct Supervision. The Franchised Restaurant must always be under the direct, on-premises supervision of a Trained Manager, unless 1000° DPFC has given its prior written approval otherwise. Franchisee's Managing Owner must devote his / her entire work time to the management of the Franchised Restaurant. You shall have exclusive control over, and assume full responsibility for, all labor relations, including hiring, firing, disciplining, compensation and work schedules of your employees.

8.2.4 Staff. You shall employ and maintain a competent, conscientious, trained staff. You acknowledge that it is your responsibility to ensure that all managers and employees follow 1000° DPFC's standards and specifications. You shall comply with such dress code as 1000° DPFC may prescribe. 1000° DPFC does not direct or control labor or employment matters for you or your employees, or for any of 1000° DPFC's franchisees and/or their employees. 1000° DPFC may make suggestions and may provide guidance relating to such matters, however it is entirely your responsibility to determine whether to adopt, follow and/or implement any of our suggestions or guidance. Notwithstanding anything contained in this Agreement to the contrary, mandatory specifications, standards and operating procedures, including as set forth in any manual, do not include the terms or conditions of employment for any of your employees, nor do they include mandated or required personnel policies or procedures. You shall provide conspicuous notice on all employee application forms and employment agreements that you are an independently contractor operating a franchised Restaurant under license from 1000° DPFC and that, if employed, the applicant will not be an employee of 1000° DPFC or any of its affiliates.

8.2.5 Customer Relations. You shall take such steps as are necessary to ensure that you and your employees preserve good customer relations and render competent, prompt, courteous and knowledgeable service. You shall handle all customer complaints, gift certificates, refunds and other adjustments in a manner that will not detract from the name and goodwill of 1000° DPFC, and as may be prescribed in writing by 1000° DPFC.

8.2.6 Telephone Number. You shall maintain a telephone number for the operation of the Franchised Restaurant and shall execute a conditional assignment of all telephone numbers used in connection with the Franchised Restaurant in the form attached as Exhibit D to this Agreement.

8.2.7 Inspections. ~~You~~In an effort to advance the protection and enhancement of the brand and the Marks, you shall permit 1000° DPFC and its agents to enter upon the Franchised Restaurant premises at any time for the purpose of conducting inspections of your operations; shall cooperate with 1000° DPFC's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from 1000° DPFC or its agents, and without limiting 1000° DPFC's other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by 1000° DPFC, in addition to any other rights or remedies available to 1000° DPFC under this Agreement or applicable law, 1000° DPFC shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and to charge you a reasonable fee for 1000° DPFC's expenses in so acting, payable by Franchisee upon demand.

8.3 Maintenance, Repairs, Renovations and Refurbishment.

8.3.1 Repairs and Maintenance of the Franchised Restaurant. You shall repair and maintain the Franchised Restaurant (including adjacent public areas and parking lots) in a clean, orderly condition and in good repair and in accordance with the System, the Manual and this Agreement.

8.3.2 Remodeling of Franchised Restaurant. 1000° DPFC may require you to renovate or remodel the Franchised Restaurant ("Remodeling") in order to improve the appearance and efficient operation of the Franchised Restaurant, comply with the prevailing brand image of System Restaurants, or comply with System standards. Without limiting the generality of the foregoing, any Remodeling may include: (i) the incorporation of updated design, trade dress, color schemes and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Restaurants using the System; (ii) the replacement of worn out or obsolete equipment, fixtures, furniture and signs; (iii) the substitution or addition of new or improved equipment, fixtures, furniture and supplies; (iv) redecorating of the interior of the Franchised Restaurant; and (v) reasonable structural modifications of the premises. You must complete all required Remodeling within the time period prescribed by 1000° DPFC. 1000° DPFC will not require you to complete a Remodeling of the Franchised Restaurant during the first two years after the Effective Date, or during the last year of the Term except as required in order to qualify for a Successor Franchise Agreement. 1000° DPFC also will not require you to complete a Remodeling more than once every five years. Notwithstanding the foregoing, 1000° DPFC may, without any limitation, require you to (a) purchase or lease additional equipment that is required in a majority or all System Restaurants, if 1000° DPFC develops and authorizes new food preparation or service methods or products, specifically including, but not limited to, POS systems or related computer systems as defined in Section 8.4 below, (b) make any and all repairs necessary, or repaint to maintain the interior and exterior of the Franchised Restaurant in a clean and orderly condition satisfactory to 1000° DPFC as required by Section 8.3.1, or (c) complete any required renovations upon any transfer of the Franchised Restaurant, (d) make any changes related to modification of the Marks, and (e) make any changes to the menus and menu boards, as required by 1000° DPFC.

8.4 Computer System. You shall purchase and maintain a computer and point of sale system, as designated by 1000° DPFC, ("POS System") to be used in the operation of the Franchised Restaurant and for reporting purposes from the supplier designated by 1000° DPFC. You shall comply with the following provisions relating to the POS System:

8.4.1 You shall update and upgrade the POS System as designated by 1000° DPFC. 1000° DPFC may require you to enter into a separate maintenance and/or support agreement for your POS System at any time, at your sole cost and expense.

8.4.2 You shall record all sales at or from the Franchised Restaurant at the time of sale, in accordance with 1000° DPFC's procedures and on the POS System.

8.4.3 You shall comply with such requirements determined by 1000° DPFC from time to time regarding maintenance, training, storage and safeguarding of data, records, reports and other matters relative to the POS System.

8.4.4 1000° DPFC has the right to independently access any and all information on your POS System at any time, without first notifying you. Without limiting the generality of the foregoing, you shall, at your sole cost and expense permit 1000° DPFC immediate access to your POS System, electronically or otherwise, at all times without prior notice to you. 1000° DPFC shall have the right to use the information accessed on the POS System in any manner 1000° DPFC determines, including the right to use any and all such information in 1000° DPFC's Franchise Disclosure Document, and to share financial statements, including profit and loss statements, with other System franchisees.

8.5 Security System. You shall purchase and install, at your expense, a video security and surveillance system as designated by 1000° DPFC. 1000° DPFC may require that the security and surveillance system provide 1000° DPFC with continuous real-time remove visibility via the Internet or such other method as 1000° DPFC may require from time to time. The purpose of the system is to verify your compliance with the terms and conditions of this Agreement, to maintain the integrity of the Marks, and to confirm whether you are maintaining the quality of service and products 1000° DPFC requires. You will remain solely responsible for all activities within the Franchised Restaurant and 1000° DPFC has no obligation to monitor the Franchised Restaurant for safety or security concerns, other concerns, or compliance with applicable laws, rules and regulations. You shall indemnify and hold 1000° DPFC harmless from any and all damages, claims, demands, actions, suits, proceedings or judgments of any kind or nature, by reason of any claimed act or omission by 1000° DPFC arising from 1000° DPFC's surveillance access to the Franchised Restaurant.

8.6 Pricing and Promotional Programs.

8.6.1 Pricing. 1000° DPFC reserves the right, subject to compliance with applicable laws, to require you to offer all menu items at prices not to exceed the prices 1000° DPFC publishes from time to time, effective upon written notice to you. 1000° DPFC reserves the right to prohibit you from charging prices lower than 1000° DPFC's published menu prices for any item, to the maximum extent allowed by applicable law. You shall have sole discretion as to the prices to be charged to customers with respect to the offer and sale of all other goods and services.

8.6.2 Gift Card & Loyalty Programs. You shall participate in and comply with all terms and conditions of any gift card and/or loyalty program designated by 1000° DPFC. In connection with any such program(s) you may be required to, among other things: (i) enter into a gift card terms and conditions agreement with a designated supplier; (ii) purchase card processing machines and a specified quantity of gift cards; (iii) pay a transaction processing fee; and (iv) pay an ongoing maintenance and/or service fee. Without limiting the generality of your indemnification obligations set forth in this Agreement, you acknowledge that your indemnification obligations include any and all claims related to gift cards issued by you in connection with the operation of the Franchised Restaurant.

8.6.3 Promotional Programs. You shall participate in all national, regional or local advertising and promotional activities 1000° DPFC requires. You understand that 1000° DPFC may frequently implement promotions such as discount coupons, frequent customer cards, special menu promotions and other activities intended to enhance customer awareness and build traffic at Restaurants on a national, regional or local level. You understand that your participation in these programs is essential to their success and that your participation may entail some cost to you. You agree that 1000° DPFC has no obligation to reimburse you for any costs you incur due to your mandatory participation in these special promotional programs.

ARTICLE 9: REQUIRED PURCHASES; RESTRICTIONS ON EQUIPMENT, PRODUCTS, SERVICES AND SOURCES OF SUPPLY

9.1 Equipment, Fixtures and Furnishings. You shall, at your expense, purchase or lease, install and use in connection with the Franchised Restaurant only such equipment, including food and beverage preparation equipment, fixtures, furnishings, décor items, interior and exterior signage and air handling equipment, and other personal property which 1000° DPFC designates or requires, all of which must conform to the Manual and 1000° DPFC's standards, specifications and other publications 1000° DPFC issues from time to time. You shall not install or permit to be installed at the Franchised Restaurant any item that is not specifically approved or designated by 1000° DPFC. 1000° DPFC shall have the right to inspect and approve all Equipment and Furnishings and their installation to ensure your compliance with this Agreement and 1000° DPFC's standards and specifications. You shall not install or permit to be installed at the Franchised Restaurant:

9.1.1 any games, vending machines, entertainment devices, computer terminals, or other similar items unless specifically approved or designated by 1000° DPFC; or

9.1.2 any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items that do not comply with 1000° DPFC's standards without 1000° DPFC's prior written consent.

9.2 Products and Services. You must offer for sale or otherwise use in the Franchised Restaurant all food and beverage products, ingredients, materials, packaging, supplies, paper goods and non-food merchandise and items ("Products") and other services that 1000° DPFC requires, in its sole and absolute discretion, and approves, in its sole and absolute discretion, in the manner and style 1000° DPFC requires and in accordance with Section 8.1.1 of this Agreement. You shall not offer for sale any Products or services that are not specifically approved by 1000° DPFC, or that are disapproved for sale at the Franchised Restaurant in 1000° DPFC's sole and absolute discretion. You shall not offer any alcoholic beverages without obtaining 1000° DPFC's prior written consent, which may be granted or withheld in 1000° DPFC's sole and absolute discretion. You may not deviate from 1000° DPFC's Standards and specifications in any way without obtaining 1000° DPFC's written consent first, which may be granted or withheld in 1000° DPFC's sole and absolute discretion. NEITHER 1000° DPFC NOT ITS AFFILIATES MAKES ANY EXPRESS OR IMPLIED WARRANTIES REGARDING THE GOODS AND SERVICES YOU MUST PURCHASE, AND 1000° DPFC AND ITS AFFILIATES EXCLUDE (AND EXPRESSLY DISCLAIM) ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, except a set forth in a particular written warranty, if any, provided in connection with a particular item or service.

9.3 Supply of Designated or Approved Items. You shall maintain in sufficient supply, at all times the items designated or approved by 1000° DPFC, including Products (as defined in Section 9.2 of this Agreement), merchandise and Equipment and Furnishings so as to be able to meet your obligations under this Agreement.

9.4 Approved Suppliers.

9.4.1 Approved and Designated Suppliers. You shall purchase all services and items, including, without limitation, Products, inventory, services, signs, Equipment and Furnishings, fixtures, and supplies only from distributors and suppliers that 1000° DPFC has approved or designated. 1000° DPFC will provide you with a list of any designated suppliers, which 1000° DPFC has the right to change at any time in its sole and absolute discretion. 1000° DPFC has the right to revoke its approval of any approved or designated supplier at any time, in which event, you shall immediately cease from purchasing or acquiring any items from any such disapproved supplier. 1000° DPFC reserves the right to become an approved vendor, or the only approved vendor for any item, product or service in the future. –Without limiting the foregoing, currently, 1000° DPFC requires you to use a designated supplier of recruiting and talent management software and to pay such supplier all initial and ongoing fees (currently, $95 per month, subject to increase) required in connection with the services provided by the supplier.

9.4.2 Supplier Contracts. 1000° DPFC may require you to enter into, and strictly comply with the terms of agreements and contractual arrangements directly with System suppliers in the form(s) designated by 1000° DPFC (each a "Supplier Contract"), and you hereby agree to immediately sign and comply with all such requirements. You acknowledge that the Supplier Contracts may change over time and new Supplier Contracts may be designated in the future.

9.4.3 Proposal of Additional Suppliers. If you wish to purchase any items, Products, Equipment and Furnishings, merchandise or supplies from a supplier or distributor who is not on 1000° DPFC's approved list, you may request 1000° DPFC's approval of the supplier or distributor. The following procedures shall apply in the event you wish to propose an alternate supplier or distributor:

a. In order to be approved: (i) the product or service offered by the proposed supplier or distributor must conform in every respect to 1000° DPFC's standards and specifications and the supplier or distributor must have a good business reputation and be able and willing to provide sufficient quantities of the product or service to you; and (ii) the proposed supplier or distributor must provide 1000° DPFC with any information 1000° DPFC requests in order to analyze the supplier's or distributor's suitability, and the composition and conformity of the product or service to 1000° DPFC's standards. This evaluation may include a sampling of the product or service at either the supplier's/distributor's or 1000° DPFC's place of business, as 1000° DPFC may designate. 1000° DPFC expects that the cost of testing will range from $500 to $1,500 depending on the complexity of the products or services. You or the supplier will be responsible for all costs and expenses 1000° DPFC incurs in the testing and approval process.

b. 1000° DPFC cannot predict with any certainty how long 1000° DPFC's evaluation will take, however, 1000° DPFC will attempt to complete the evaluation within a reasonable time, generally not to exceed 60 days. Upon the completion of the evaluation, 1000° DPFC will inform you whether 1000° DPFC will approve the proposed supplier or distributor of 1000° DPFC's approval or disapproval of your request. If 1000° DPFC approves the supplier or distributor, the supplier or distributor will be added to 1000° DPFC's approved list, however, 1000° DPFC's approval of a supplier or distributor relates only to the item or product line evaluated and specifically approved by 1000° DPFC.

c. 1000° DPFC's standards, specifications and other criteria for supplier or distributor approval have been developed by 1000° DPFC through the expenditure of extensive work and time and are considered confidential information. Therefore, 1000° DPFC has no obligation whatsoever to make its standards and specifications or 1000° DPFC's other criteria for supplier or distributor approval available to Franchisee or proposed or approved suppliers.

d. The proposed supplier or distributor must agree to provide 1000° DPFC with reports concerning all purchases by you and other franchisees.

9.5 1000° DPFC's Right to Derive Revenue & Consideration. You acknowledge and agree that 1000° DPFC and/or its affiliates reserve the right to derive income, consideration, payments and other material benefits on account of your purchase and/or lease, and any System franchisee's purchase and/or lease, of any item and/or service, including, without limitation, Equipment and Furnishings, Products, services and other items from 1000° DPFC or any supplier, including approved suppliers, and designated suppliers. This income may be derived in any form, including as a rebate from suppliers or distributors based on the quantity of System franchisee purchases. 1000° DPFC may use these benefits for any purpose 1000° DPFC deems appropriate. 1000° DPFC is not obligated to remit any benefits to you and reserves the right to retain all such benefits. 1000° DPFC does not guarantee the availability of independent sources of supply for any particular item, Equipment or Furnishings, Product or service required to establish or operate the Franchised Restaurant.

9.6 Purchasing Programs. 1000° DPFC shall have the right, in its discretion, to designate any geographical area for purposes of establishing a purchasing program ("Purchasing Program"). If a Purchasing Program applicable to the Franchised Restaurant has been established at the time Franchisee commence operations, or is established during the Term, you shall immediately participate in the Purchasing Program, unless prohibited by applicable state and/or federal laws, rules or regulations.

ARTICLE 10. PROPRIETARY MARKS

10.1 Ownership. The Marks are owned by 1000° DPFC's principal, or its affiliate. 1000° DPFC was granted a license to use, and license others to use the Marks, including in connection with the System.

10.2 Use of the Proprietary Marks. With respect to your licensed use of the Marks and the trade dress of the Franchised Restaurant (the "Trade Dress") pursuant to this Agreement, you agree that:

10.2.2 You shall use only the Proprietary Marks designated by 1000° DPFC in connection with the operation of the Franchised Restaurant, and shall use them only in the manner authorized and permitted by 1000° DPFC. Any unauthorized use thereof shall constitute an infringement of 1000° DPFC's rights.

10.2.3 You shall have the right to use the Marks only (a) at the Franchised Restaurant and in connection with the operation of the Franchised Restaurant in strict accordance with the terms of this Agreement, the Manual and 1000° DPFC's standards and specifications, and (b) in connection with the advertising and/or promotion of the Franchised Restaurant, in strict accordance with the terms of this Agreement, the Manual and 1000° DPFC's standards and specifications.

10.2.3 You acknowledge that this Agreement does not grant you the right to offer or sell products or services from any other location or by any other means, including but not limited to catalog or mail order sales, internet sales (or the like), without 1000° DPFC's prior written consent, which may be given or withheld by 1000° DPFC in its sole and absolute discretion. Futher, you shall not:

a. develop, create, generate, own, license, lease or use, in any manner, any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, website, web page, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or in part, the Marks, or any of them, or any words, symbols or terms confusingly similar thereto, without 1000° DPFC's prior written consent, and then only in such manner and in accordance with such procedures, policies, standards and specifications as 1000° DPFC may establish from time to time. If such consent is granted, 1000° DPFC reserves the right to revoke such consent effective upon written notice to you.

b. use electronic media, including the Internet or social media sites, in a manner that uses or displays, in whole or in part, the Proprietary Marks, or any of them, or any words, symbols or terms confusingly similar thereto, without first obtaining 1000° DPFC's specific written consent. If 1000° DPFC's consent to such use is given, you must in all instances comply with any conditions and restrictions 1000° DPFC imposes, including all procedures, policies, standards and specifications 1000° DPFC may establish from time to time. The provisions of this subsection, without limitation, relate to your use of social media, including facebook®, Twitter®, LinkedIn®, Living Social®, Groupon®,or MySpace® or any other similar or comparable social media platform.

10.2.4 You shall execute any documents deemed necessary by 1000° DPFC, and/or 1000° DPFC's counsel to obtain protection for the Marks or to maintain their continued validity and enforceability.

10.2.5 You shall not, directly or indirectly, contest the validity of the Marks, or 1000° DPFC's ownership of the Marks.

10.2.6 In the event that litigation involving the Marks is instituted or threatened against you, you shall promptly notify 1000° DPFC and shall cooperate fully in defending or settling such litigation.

10.3 Infringement. You shall promptly notify 1000° DPFC of any infringement of, or challenge to, the Marks, and 1000° DPFC will, in its sole discretion take such action as 1000° DPFC deems appropriate. 1000° DPFC will indemnify and hold you harmless from any suits, proceedings, demands, obligations, actions or claims (including costs and reasonable attorneys' fees) for any alleged infringement under Federal or state trademark law arising solely from your use of the Marks in accordance with this Agreement, or as otherwise set forth by 1000° DPFC in writing, if you have promptly notified 1000° DPFC of such claim. If 1000° DPFC undertakes the defense or prosecution of any litigation pertaining to any of the Marks, you must execute any and all documents and do such acts and things as may, in the opinion of 1000° DPFC's counsel, be necessary to carry out such defense or prosecution. 1000° DPFC has the right to require, in its sole discretion, that you discontinue, modify or substitute any of the Marks in connection with any pending or threatened litigation involving your use of such marks so long as 1000° DPFC indemnifies you from your out of pocket costs incurred to effectuate such change.

10.4 Acknowledgments. You expressly understand and acknowledge that:

10.4.1 1000° DPFC is the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

10.4.2 Your use of the Marks pursuant to this Agreement does not give you any ownership interest or other interest in or to the Marks, except the license granted by this Agreement. Any and all goodwill arising from your use of the Proprietary Marks shall inure solely and exclusively to 1000° DPFC's benefit, and upon expiration of termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System, or the Marks.

10.4.3 1000° DPFC has the right, at any time, by giving notice to you, to completely change, add to, delete from, and/or make changes in the Proprietary Marks in 1000° DPFC's unrestricted discretion. You must, at your expense, adopt and use any additions, deletions and changes to the Marks that 1000° DPFC requires. If 1000° DPFC decides at any time in its sole discretion to modify or discontinue the use of any Mark or use of additional or substitute Marks, you must comply with 1000° DPFC's directions within a reasonable time after 1000° DPFC gives you notice. 1000° DPFC has no obligation to reimburse you for any expenses you incur in connection with 1000° DPFC's modification or discontinuance of any Marks, including your direct costs of changing signs, loss of revenue or costs of promoting any new or modified Mark.

ARTICLE 11. CONFIDENTIAL INFORMATION

11.1 Compliance with Operations Manual. In order to protect the reputation and goodwill of 1000° DPFC and to maintain high standards of operation under 1000° DPFC's Proprietary Marks, you shall conduct your business in accordance with the standards, methods, policies, and procedures specified in the Manual, one copy of which you acknowledge having received on loan from 1000° DPFC for the term of this Agreement. The "Manual" shall mean 1000° DPFC's confidential operations manual(s), which may consist of printed manuals, computerized documents of software, information provided on the Internet or an extranet, audiotapes, videotapes or any other medium periodically for use with the System and designated as part of the manual, including any amendments. The Manual may contain information and specifications concerning the System standards and any other information and specifications concerning system Standards and any other information 1000° DPFC provides periodically to System franchisees.

11.2 Confidentiality. You shall treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Restaurant, and the information contained therein as confidential, and shall use all reasonable efforts to maintain such information as secret. You shall not during the Term or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, limited liability company or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised hereunder which may be communicated to you or of which you may be apprised by virtue of your operation of the Franchised Restaurant or participation in the System. You shall divulge such confidential information only to such of your employees as must have access to it in order to operate the Franchised Restaurant. Any and all information, knowledge, know-how, and techniques which 1000° DPFC designates as confidential shall be deemed confidential for purposes of this Agreement, except information which you can demonstrate came to your attention prior to disclosure thereof by 1000° DPFC; or which, at or after the time of disclosure by 1000° DPFC to you, had become or later becomes a part of the public domain, through lawful publication or communication by others.

11.3 Covenants. As a condition of employment, you shall require any and all Franchisee Trainees, any employees who attend 1000° DPFC's Initial Training or Additional Training programs, your manager(s) and any personnel having access to any of 1000° DPFC's confidential information to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by you at the Franchised Restaurant. Such covenants shall be in the form attached to this

Agreement as Exhibit F, which form includes specific identification of 1000° DPFC as a third party beneficiary of such covenants with the independent right to enforce them. You shall provide 1000° DPFC with a copy of all executed covenants within five days after hiring any such managers and/or employees.

11.4 Injunctive Relief. You acknowledge that any failure to comply with the requirements of this Article 11 will cause 1000° DPFC irreparable injury, and you agree to pay all court costs and reasonable attorney's fees incurred by 1000° DPFC in obtaining specific performance of, or an injunction against violation of, the requirements of this Article 11.

11.5 Modifications, Revisions, Additions. 1000° DPFC may, from time to time, revise, modify or make additions to the contents of the Manual, and you expressly agree to comply with each new or changed standard and/or specification. Without limiting the generality of the foregoing, 1000° DPFC may update and change the Manual periodically ("Operating Amendments"), including to reflect changes in the System standards. 1000° DPFC may notify you of operating amendments by e-mail, facsimile, Internet transmission, extranet, or by any other means. 1000° DPFC may require you to access an extranet or comparable system on a daily basis to check for Operating Amendments. If you fail to do so as designated by 1000° DPFC, you shall nevertheless be bound by any operating amendments you would have received had you checked for the Operating Amendments as required.

ARTICLE 12. RECORDS, REPORTS & ACCOUNTING

12.1 Gross Sales Reports. You shall prepare and submit to 1000° DPFC via electronic mail to the email address designated by 1000° DPFC, or such other delivery method as specified by 1000° DPFC, the monthly Gross Sales reports required under Section 5.6 of this Agreement. You shall submit to 1000° DPFC quarterly profit and loss statements on or before the 15th day of the month immediately following the expiration of each calendar quarter. 1000° DPFC may require you to submit any and all reports, including the Gross Sales reports and quarterly profit and loss statements electronically via email or by any other specified means.

12.2 Books & Records. You shall maintain and preserve, for at least ten years from the dates of their preparation, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by 1000° DPFC.

12.3 Additional Reports. Without limiting the foregoing, you shall, at your expense, submit to 1000° DPFC in the form prescribed by 1000° DPFC, and maintain readily available for 1000° DPFC's inspection, review, or auditing, any and all financial reports as required by 1000° DPFC's System standards, which 1000° DPFC may modify periodically. Your current reporting obligations include the following:

12.3.1 a semi-annual internal balance sheet and profit and loss statement and an annual balance sheet and profit and loss statement reviewed by a certified public accountant;

12.3.2 an annual copy of your signed 1120 or 1120S tax form filed with the Internal Revenue Service (or any forms which take the place of those forms), all state and local sales and use tax reports you are required to file and, upon 1000° DPFC's written request, copies of all tax returns or reports filed by you for the periods specified in 1000° DPFC's notice;

12.3.3 copies of your operating reports to your landlord and/or shopping mall operator, if required or provided pursuant to your lease agreement for the Approved Restaurant Location;

12.3.4 Your state sales tax returns, and such portions of your federal and state income tax returns as reflect the operations of the Franchised Restaurant; and

12.3.5 such other forms, reports, records, information, and data as 1000° DPFC may reasonably designate.

12.4 Verification/Inspection/Use. You must verify and sign each report and financial statement in the form 1000° DPFC periodically requires. You hereby give 1000° DPFC the right to disclose information from your reports relating to your income, expenses and sales from the operation of the Franchised Restaurant to confirm that you are complying with your obligations under this Agreement and to formulate earnings and expense information for possible disclosure to prospective franchisees. 1000° DPFC may also use information from your reports in 1000° DPFC's solicitation of other franchisees or for similar purposes. 1000° DPFC may require you to have your financial statements reviewed or audited by a certified public accountant at your cost and expense. We have the right as often as we want (including daily) to access any of your cash registers, point of sale systems and other computer systems and to retrieve all information relating to the Franchised Restaurant's operations, or to program your computerized cash registers, point of sale systems and other computer systems to send such information automatically to 1000° DPFC or its designee. You must take whatever actions 1000° DPFC specifies to ensure that 1000° DPFC has continuous, real-time remote electronic access to any of your business systems in order to monitor and retrieve all information stored in the systems.

12.5 Inspection and Audit. 1000° DPFC or its designated agents shall have the right, at all reasonable times, to examine and copy, at 1000° DPFC's expense, your books, records, and tax returns. 1000° DPFC shall also have the right, at any time, to have an independent audit made of your books and records. If an inspection should reveal that any payments have been understated in any report to 1000° DPFC, then 1000° DPFC shall have the right to immediately debit from your bank account or require you to immediately pay the amount understated, as well as interest from the date such amount was due until debited or paid, at the rate of 18% per annum, or the maximum rate permitted by law, whichever is less. If an inspection discloses an understatement in any report of 2% or more, 1000° DPFC may, in addition to repayment of monies owed with interest, debit from your bank account or require you to reimburse 1000° DPFC for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies 1000° DPFC may have. 1000° DPFC's right to audit and inspect your books and records will survive for two years following any termination or expiration of this Agreement.

ARTICLE 13. ADVERTISING

13. Acknowledgment. You understand and hereby acknowledge that advertising, marketing and promotional activities are essential to the furtherance of the goodwill and public image or 1000° DPFC and the System, and the success of the Restaurant. Recognizing the value of advertising, and the importance of the standardization of advertising programs, you agree as follows:

13.1 Generally. 1000° DPFC has the right to develop and create advertising and sales promotion programs designed to promote and enhance the System and Restaurants operating under the System. You shall participate in all advertising and sales promotion programs established by 1000° DPFC in strict accordance with 1000° DPFC's terms and conditions. You shall place or display at the Franchised Restaurant only such signs, emblems, lettering, logos, displays, advertising and marketing materials approved in advance by 1000° DPFC. You shall conduct all advertising in a dignified manner and shall conform to such standards and requirements as 1000° DPFC may specify. You shall not use any advertising or promotional plans or materials unless and until you have received written approval from 1000° DPFC in accordance with the following procedures and terms. For all advertising and promotional activities, you shall submit samples of such plans and materials to 1000° DPFC for its prior approval. If you do not receive written approval from 1000° DPFC within 15 days of the date of receipt by 1000° DPFC of such samples or materials, 1000° DPFC shall be deemed to have approved them.

13.2 Territorial Advertising Restriction. You are not permitted to solicit customers and/or advertise outside of the Protected Territory, except to the extent that you have received 1000° DPFC's prior written authorization, which may be granted or withheld in 1000° DPFC's sole discretion. 1000° DPFC may condition its authorization, among other things, upon your agreement to offer other System franchisees who are operating Restaurants in territories encompassed by the circulation base of the proposed advertising, the opportunity to participate in, and share the expense of such solicitation and/or advertising. Notwithstanding the foregoing, you are not required to obtain 1000° DPFC's prior written authorization (which may be granted or withheld in 1000° DPFC's sole and absolute discretion) to use or circulate an advertisement outside of the Protected Territory provided that such advertisement is a general System advertisement and does not identify or promote Franchisee's Franchised Restaurant, and provided, further, that 1000° DPFC has approved the form and content of the advertising materials you propose to use in any such advertisement.

13.3 Use of Proprietary Marks in Advertising. All advertising shall prominently display the Proprietary Marks and shall comply with 1000° DPFC's standards for use of the Marks. You shall obtain 1000° DPFC's prior written approval before using any of the Marks on any item, including signs, stationary, business cards, forms and other supplies. All such items must also be in compliance with 1000° DPFC's standards and specifications.

13.4 Grand Opening Advertising. You shall conduct a Grand Opening Advertising Campaign and expend the amount designated in Exhibit A in the manner 1000° DPFC specifies or approves (the "Grand Opening Advertising Expenditure"). 1000° DPFC may designate an approved supplier of local advertising and marketing services and may require you to engage such supplier's services in connection with the Grand Opening of the Franchised Restaurant. 1000° DPFC may require you to expend the Grand Opening Advertising Expenditure in accordance with any such approved or designated supplier's Grand Opening advertising program. You shall prepare and submit to 1000° DPFC a written plan detailing the grand opening advertising campaign no later than 30 days before the Franchised Restaurant's scheduled grand opening. Within four months following the date the Franchised Restaurant opens for business, you must furnish 1000° DPFC such evidence as 1000° DPFC may reasonably require to verify your compliance with the Grand Opening Expenditure requirements.

13.5 Establishment of Advertising Funds and Cooperatives. Pursuant to Section 5.3, you are required to pay to 1000° DPFC or its designee the continuing Advertising Fee during the Term. 1000° DPFC will determine from time to time what portion of the Advertising Fee you must (i) contribute to the Brand Ad Fund (as defined below); (ii) contribute to a Regional Ad Fund (as defined below); (iii) pay to 1000° DPFC for Local Marketing Purposes (as defined below); or be spent directly by you for Local Marketing Purposes. 1000° DPFC reserves the right to amend and adjust the allocation of the Advertising Fee upon 30 days written notice to you. You acknowledge and agree that the Advertising Fee may be used as follows:

13.5.1 Brand Ad Fund. At 1000° DPFC's sole discretion, the Advertising Fee shall be paid to one or more funds to be used for the purpose of maximize general public recognition and awareness of Restaurants and the System ("Brand Ad Fund"), including, without limitation, expenditures reasonably related to the creation, development, administration and supervision of marketing and advertising programs and menu development for System Restaurants. 1000° DPFC does not represent or warrant that the Franchised Restaurant or any particular Restaurant will benefit directly or *pro rata* from such marketing or advertising activity of the Brand Ad Fund.

13.5.2 Regional Ad Funds. In addition to the establishment of the Brand Ad Fund, 1000° DPFC has the right in its sole discretion to establish one or more funds for the implementation of regional advertising programs intended to increase general public recognition and acceptance of System Restaurants in specific regions. Subject only to the limitation on the total amount of Advertising Fee in Section 5.3, 1000° DPFC may require you to contribute all or part of the Advertising Fee to such a fund implemented in your regional area ("Regional Ad Fund"). Fees allocated to a Regional Ad Fund will be used for the implementation, production, creation, development, administration and supervision of regional marketing and advertising programs and menu development for System Restaurants in the designated region. 1000° DPFC does not represent or warrant that the Franchised Restaurant or any particular Restaurant will benefit directly or *pro rata* from such marketing or advertising activity of the Regional Ad Fund.

13.5.3 Local Marketing Purposes. 1000° DPFC may require that some or all of the Advertising Fee be paid to 1000° DPFC or its designee, or used directly by you, for marketing, advertising, sponsorships, public relations or promotions specifically directed to or featuring the Franchised Restaurant ("Local Marketing Purposes"). If 1000° DPFC elects to have you directly spend a portion of the Advertising Fee for Local Marketing Purposes, you shall submit to 1000° DPFC, on a quarterly basis, a marketing plan, which plan shall be subject to 1000° DPFC's approval, and which shall specifically describe how you propose to spend the designated portion of the Advertising Fee for Local Marketing Purposes for each quarter of the calendar year. If you fail to spend the designated amount for Local Marketing Purposes as 1000° DPFC directs, 1000° DPFC shall have the right, in addition to any and all other rights and remedies available under this Agreement or applicable law, to require you to immediately pay all sums you were required to, but failed to expend (a) to one or more Funds established or designated by 1000° DPFC, (b) to 1000° DPFC to be used for Local Marketing Purposes, or (c) to expend the Local Advertising Deficiency, as 1000° DPFC directs, for Local Marketing Purposes.

13.6 Administration. 1000° DPFC may administer the Brand Ad Fund or one or more Regional Ad Funds (the "Funds") itself, or designate or license a third party to do so. 1000° DPFC may change, dissolve or merge any of the Funds at any time, in 1000° DPFC's sole discretion. 1000° DPFC has sole discretion over the creative concepts, materials, media, type, nature, scope, frequency, place, form, copy, layout and content of all national, regional, and local advertising paid out of the Funds; and the Funds will be maintained and administered by 1000° DPFC, or 1000° DPFC's designee, as follows:

13.6.1 The Funds are intended to maximize general public recognition and acceptance of the Marks for the benefit of the System, and neither 1000° DPFC, nor the Funds, are obligated to make expenditures for you which are equivalent or proportionate to your contributions, nor is 1000° DPFC required to ensure that Franchisee benefits directly or pro rata from the placement of advertising.

13.6.2 The Funds, all Advertising Fee and contributions to the Funds, and any earnings by the Funds, are used to meet the costs of producing, maintaining, administering, directing, conducting, printing, and preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities which 1000° DPFC believes will enhance the image of the System, including the costs of preparing and conducting television, radio, Internet, magazine, newspaper and other media advertising campaigns; developing and/or hosting an Internet web page or similar activities; conducting market research; providing other marketing materials to franchisees; direct mail advertising; marketing surveys and other public relations activities; employing advertising and/or public relations agencies; printing and production costs; purchasing promotional items, conducting and administering visual merchandising, promotions and merchandising programs; and providing promotional and other marketing materials and services. Advertising may be local, regional or national, in any type of media, including Internet, print, radio and/or television.

13.6.3 Advertising Fee contributed to the Funds may also be used to provide rebates or reimbursements to you for local expenditures on products, services or improvements, approved in advance by 1000° DPFC, which 1000° DPFC believes will promote general public awareness and favorable support for the System.

13.6.4 1000° DPFC has no obligation to segregate Advertising Fee payments or maintain accounts separate from 1000° DPFC's other funds. Advertising Fee may be commingled with funds in 1000° DPFC's general accounts. 1000° DPFC-owned or 1000° DPFC's affiliate-owned Restaurants are not required to contribute any amounts to the Fund.

13.6.5 1000° DPFC expects to use an amount equal to all contributions made in any fiscal year, but any monies remaining in any Funds at the end of any year will carry over to the next year. 1000° DPFC expects to use any interest or other earnings of the Funds before using current contributions, but is not required to do so.

13.6.6 1000° DPFC is not required to prepare or provide you with any statements relating to the Advertising Fee, the Funds or expenditures of the Funds, although 1000° DPFC may do so at its option. The Funds will not be audited, unless 1000° DPFC elects to require an audit, in which event all expenses for the audit will be paid out of Advertising Fee contributed to the Funds. 1000° DPFC may, but is not required to, create internally prepared, periodic statements of operations for the Funds. These statements, if created, may be made available to you, upon your reasonable prior written request.

13.6.7 1000° DPFC has the right to terminate any one or more of the Funds at any time. If a Fund is terminated, 1000° DPFC is not required to return any Advertising Fee contributed to any such terminated Fund by you and will expect any retained contributions for the terminated Fund for System advertising purposes. None of the Advertising Fee paid to 1000° DPFC are refundable at any time, including upon termination or expiration of this Agreement.

13.6.8 You expressly acknowledge that the Funds may be used to pay administrative expenses to 1000° DPFC or its designee an amount, not to exceed 20% of all of the Advertising Fees contributed by System Restaurants to the Funds on an annual basis. Administrative expenses may include amounts equivalent to salaries, travel and other expenses of 1000° DPFC's or its designee's employees whose services are provided to further the purposes and efforts of the Funds or Local Marketing Purposes for System Restaurants.

13.7 Cooperative Advertising. 1000° DPFC encourages the formation and operation of franchisee cooperative advertising associations (each a "Co-op"). Each Co-op will coordinate advertising, marketing efforts and programs, and attempt to maximize the efficient use of local advertising media. If a Co-op is formed for your region, you must participate in the Co-op. If you do not participate in the Co-op, you will lose your right to vote as to decisions regarding advertising and marketing efforts and programs. In no event shall you be required to be a member of more than one Co-op. You acknowledge that 1000° DPFC has the right to require any Co-op to be organized and governed (a) in a form and manner approved in advance by 1000° DPFC in writing, and (b) for the exclusive purpose of administering regional advertising programs and developing, subject to 1000° DPFC's approval, standardized promotional materials for use by the members in local advertising. You further acknowledge and agree that:

13.7.1 No advertising or promotional plans or materials may be used by any Co-op, or be furnished to its members, without the prior approval of 1000° DPFC, pursuant to the procedures and terms as set forth in this Section.

13.7.2 1000° DPFC, in its sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Co-op, and/or from the obligation to contribute thereto (including a reduction, deferral or waiver of such contribution), upon written request of such franchisee stating reasons supporting such exemption. 1000° DPFC's decision concerning such request for exemption shall be final.

13.8 Required Local Advertising Expenditure. In addition to the Advertising Fee, you shall spend, at a minimum, 2% of your Gross Sales each month on local advertising and marketing (the "Local Advertising Requirement"). You must provide 1000° DPFC with a monthly accounting of all sums you expend to meet your Local Advertising Requirement. Your monthly Local Advertising Requirement may, with 1000° DPFC's prior written consent, be accumulated by you for seasonal expenditure upon such terms as 1000° DPFC may prescribe or authorize. 1000° DPFC reserves the right to require you to submit to 1000° DPFC, on a quarterly or monthly basis as 1000° DPFC designates, a local marketing plan specifically describing how you propose to spend Local Advertising Requirement. If you fail to meet your Local Advertising Requirement, or if you fail to otherwise comply with your local marketing obligations, 1000° DPFC shall have the right, in addition to any and all other rights and remedies available under this Agreement and/or applicable law, to (a) require you to immediately pay all sums you were required to, but failed to expend ("Local Advertising Deficiency"), to the Fund, (b) require you to spend the Local Advertising Deficiency in the manner designated or approved by 1000° DPFC for local marketing purposes, or (c) require you to immediately pay the Local Advertising Deficiency to 1000° DPFC to be expended by 1000° DPFC or 1000° DPFC's designee directly in your Restaurant's area for local marketing purposes.

13.9 Minimum Requirements Only. You understand and acknowledge that the required contributions and expenditures set forth in this Article 13 are minimum requirements only, and that you may, and are encouraged by 1000° DPFC to, expend additional funds for advertising, marketing and promotion.

13.10 Internet Advertising. You shall not establish a presence on, or marketing using, the Internet without first obtaining 1000° DPFC's written consent and your compliance with any conditions and restrictions 1000° DPFC designates. You are strictly prohibited from promoting the Franchised Restaurant on any social or networking website, including facebook®, LinkedIn®, MySpace®, Twitter®, Groupon®, LivngSocial® or any similar sites without 1000° DPFC's prior written consent in each instance. 1000° DPFC may withhold or revoke its consent for any reason. You may not promote or sell any products or services, or make any use of the Marks, through the Internet without 1000° DPFC's prior written approval, which 1000° DPFC may withhold in its sole discretion. As a condition of granting any consent, 1000° DPFC shall have the right to establish any requirement 1000° DPFC deems appropriate.

13.10.1 1000° DPFC may (but is not required to) include in any 1000° DPFC website(s) (inclusive of social media sites) an interior page containing information about the Franchised Restaurant. If 1000° DPFC includes such information on the website, 1000° DPFC shall have the right to require you to prepare the page, at your expense, using 1000° DPFC's designated template. All information must be approved by 1000° DPFC before it is posted. 1000° DPFC retains the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You shall follow 1000° DPFC's designated intranet and Internet usage rules, policies and requirements, as they may be developed, changed or modified by 1000° DPFC in its sole discretion at any time during the Term. 1000° DPFC retains the sole right to approve any linking to, or other use of, the website.

13.11 Limitation of 1000° DPFC's Duties. You understand and agree that the only obligations 1000° DPFC has regarding the collection and spending of Advertising Fee, or the administration of the Funds are the express contractual obligations in this Article 13. 1000° DPFC is not acting as a trustee, fiduciary, agent or in any other special capacity. 1000° DPFC makes no representations or warranties regarding the quality or effectiveness of any advertising and marketing activities funded by the Advertising Fee and 1000° DPFC has no liability to you with respect to how the Advertising Fee is spent.

ARTICLE 14. INSURANCE

14.1 Generally. You shall procure, prior to the commencement of any operations under this Agreement, and shall maintain in full force and effect at all times during the Term, at your expense, an insurance policy or policies protecting you and 1000° DPFC, and their respective officers, directors, partners, and employees, against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense, whatsoever, arising or occurring upon or in connection with the Franchised Restaurant.

14.2 Minimum Requirements. Such policy or policies shall be written by a responsible carrier or carriers acceptable to 1000° DPFC, with a financial rating of A- or better, and shall include, at a minimum, the following (except as additional coverages and higher policy limits may reasonably be required by 1000° DPFC from time to time) and/or such additional coverages and higher policy limits as may be required under the terms of the lease for the Franchised Restaurant:

14.2.1 Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, completed operations, products liability, in the amount of $1,000,000 combined single limit, and fire damage coverage, in the amount of $50,000, and naming 1000° DPFC as an additional insured in each such policy or policies.

14.2.2 "All Risks" coverage for the full cost of replacement of the Franchised Restaurant premises and all other property in which 1000° DPFC may have an interest, with no coinsurance clause, a replacement cost clause attached, agreed amount endorsement equal to 100% of the value of the property.

14.2.3 Employer's Liability, Workers' Compensation, liquor liability and dram shop insurance, and such other insurance as may be required by statute or rule of the state or locality in which the Franchised Restaurant is located and operated.

14.2.4 Business interruption insurance, in an amount equal to 100% of Franchisee's annual Gross Sales (actual or if not available, estimated), excluding ordinary payroll expenses, and naming 1000° DPFC as an additional insured.

14.2.5 "Automobile liability" insurance. If we require or permit you to provide delivery services, you may be required to purchase or lease a vehicle, in which event you must also obtain and maintain "automobile liability" insurance, including coverage of vehicles not owned by you, but used for your Restaurant, with a combination of primary and excess limits of at least $1,000,000.

14.2.6 You may, with the prior written consent of 1000° DPFC, elect to have reasonable deductibles in connection with the coverage required under Sections 14.2.1 and 14.2.2 above.

14.3 All Risk Insurance. In connection with any construction, renovation, refurbishment, or remodeling of the Franchised Restaurant, you shall maintain Builder's All Risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to 1000° DPFC.

14.4 No Limitation. Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by 1000° DPFC, nor shall your performance of that obligation relieve you of liability under the indemnity provisions, including as set forth in Section 21.3 of this Agreement.

14.5 Franchisee's Negligence. All public liability and property damage policies shall contain a provision that 1000° DPFC, although named as an insured, shall nevertheless be entitled to recover under said policies on any loss occasioned to 1000° DPFC or its servants, agents or employees by reason of your negligence or the negligence of your servants, agents, or employees.

14.6 Additional Requirements. At least 30 days prior to the time any insurance is first required to be carried by you, and thereafter at least 30 days prior to the expiration of any such policy, you shall deliver to 1000° DPFC Certificates of Insurance evidencing the proper coverage with limits not less than those required hereunder. All Certificates shall expressly provide that no less than 30 days' prior written notice shall be given 1000° DPFC in the event of material alteration to or cancellation of the coverages evidenced by such Certificates. Further, Certificates evidencing the insurance required by Section 14 shall name 1000° DPFC, and each of its partners, subsidiaries, affiliates, directors, agents and employees as additional insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions for which such Certificates evidence coverage.

14.7 Failure to Procure/Maintain. Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by 1000° DPFC in the Manual or otherwise in writing, 1000° DPFC shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to you, which charges, together with a reasonable fee for 1000° DPFC's expenses, not to exceed 7% of the cost of insurance provided, in so acting, shall be payable by you immediately upon notice. The foregoing remedies shall be in addition to any other remedies 1000° DPFC may have.

ARTICLE 15. TRANSFER AND ASSIGNMENT

15.1 Transfer by 1000° DPFC. 1000° DPFC shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity.

15.2 Transfer by Franchisee. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you and/or its current owners, and that 1000° DPFC has granted this franchise in reliance on you and/or your owners' business skill, financial capacity, and personal character. Accordingly, neither you, nor any immediate or remote successor to any part of your interest in this franchise, nor any individual, partnership, corporation, limited liability company or other legal entity which directly or indirectly owns any interest in this franchise or in your shares, membership interests or partnership interests if you are a corporation, limited liability company or partnership, shall sell, assign, transfer, convey, or give away, any direct or indirect interest in this franchise, the Franchised Restaurant, or in any legal entity which owns this franchise (each a "Transfer") without the prior written consent of 1000° DPFC, which may be granted or withheld in 1000° DPFC's sole and absolute discretion. Notwithstanding the foregoing, 1000° DPFC's prior written consent shall not be required for a transfer of less than a 5% interest in a corporation registered under the Securities Exchange Act of 1934 ("publicly-held corporation"). Any purported, sale, assignment, encumbrance or transfer, by operation of law or otherwise, not having the written consent of 1000° DPFC required by this Section 15.2, shall be null and void and shall constitute a material breach of this Agreement, for which 1000° DPFC may then terminate without opportunity to cure pursuant to Section 16.2.23 of this Agreement.

15.3 Ownership Changes. Without limiting the foregoing, Franchisee acknowledges that a transfer requiring 1000° DPFC's prior written consent shall be deemed to occur upon any sale, resale, pledge, encumbrance, transfer or assignment of: (a) any fractional partnership ownership interest if Franchisee is a partnership; (b) any membership interest, if Franchisee is a limited liability company; or (c) any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, if Franchisee is a corporation. Any new partner, shareholder, member or manager (as applicable) will be required to personally guarantee Franchisee's obligations under this Agreement.

15.4 Conditions for Approval. 1000° DPFC may condition its approval of any proposed Transfer upon satisfaction of the following occurrences:

15.4.1 All of Franchisee's accrued monetary obligations and all other outstanding obligations to 1000° DPFC and its subsidiaries and affiliates shall have been satisfied;

15.4.2 Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between (a) Franchisee and 1000° DPFC or its subsidiaries or affiliates; and/or (b) any of Franchisee's owners and/or affiliates and 1000° DPFC or its subsidiaries and/or affiliates;

15.4.3 The transferor shall have executed a general release under seal, in a form satisfactory to 1000° DPFC, of any and all claims against 1000° DPFC and its subsidiaries and affiliates, and their respective officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;

15.4.4 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as 1000° DPFC may request) shall enter into a written assignment, under seal and in a form satisfactory to 1000° DPFC, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; and, if Franchisee's obligations were guaranteed by the transferor, the transferee shall guarantee the performance of all such obligations in writing in a form satisfactory to 1000° DPFC;

15.4.5 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as 1000° DPFC may request) shall demonstrate to 1000° DPFC's satisfaction that it meets 1000° DPFC's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Restaurant (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the business;

15.4.6 At 1000° DPFC's option, the transferee shall execute (and/or, upon 1000° DPFC's request, shall cause all interested parties to execute), for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the standard form franchise agreement then being offered to new System franchisees and such other ancillary agreements as 1000° DPFC may require for the Franchised Restaurant, which agreements shall supersede this Agreement in all respects and the terms of which agreements may differ from the terms of this Agreement; *provided*, *however*, that the transferee shall not be required to pay an initial franchise fee;

15.4.7 The transferee, at its expense, shall upgrade the Franchised Restaurant to conform to 1000° DPFC's then-current standards and specifications, and shall complete the upgrading and other requirements within the time specified by 1000° DPFC;

15.4.8 the transferee shall remain liable for all of the obligations to 1000° DPFC in connection with the Franchised Restaurant prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by 1000° DPFC to evidence such liability;

15.4.9 The transferee (or, if the transferee is a corporation, limited liability company or partnership, a principal of the transferee acceptable to 1000° DPFC) and the transferee's manager shall, at the transferee's expense, complete any training programs then in effect for franchisees upon such terms and conditions as 1000° DPFC may reasonably require;

15.4.10 Franchisee shall pay a transfer fee in an amount equal to $15,000, or such greater amount as is necessary to reimburse 1000° DPFC for its reasonable costs and expenses associated with reviewing the application to transfer, including, without limitation, legal and accounting fees. If Franchisee requests 1000° DPFC's approval of a transfer but does not make the transfer, Franchisee shall pay 1000° DPFC $1,000. In the case of a transfer to a corporation or limited liability company owned by Franchisee for the convenience of ownership which takes place after the expiration of six months following the Effective Date of this Agreement, Franchisee shall pay 1000° DPFC a fee in the amount of $500 or such greater amount as is necessary to reimburse 1000° DPFC for its reasonable costs and expenses associated with reviewing the proposed transfer. If Franchisee wishes to transfer to a corporation or limited liability company owned by Franchisee for the convenience of ownership before the expiration of this six month period, Franchisee shall not be required to pay any transfer fee. The transfer fee set forth in this Section 15.4.10 shall not apply in the event Franchisee transfers the Franchised Restaurant to 1000° DPFC.

15.4.11 Franchisee acknowledges and agrees that each condition which must be met by the transferee is necessary to assure such transferee's full performance of the obligations under this Agreement.

15.5 Right Of First Refusal. Any party holding any interest in Franchisee or in the franchise granted by 1000° DPFC pursuant to this Agreement and who desires to accept any bona fide offer from a third party to purchase such interest or the Franchised Restaurant (including any sale of substantially all of the assets of the Franchised Restaurant) shall notify 1000° DPFC in writing of each such offer, and shall provide such information and documentation relating to the offer as 1000° DPFC may require.

15.5.1 Upon 1000° DPFC's request, Franchisee must provide 1000° DPFC any information about the business and operations of the Franchised Restaurant that 1000° DPFC requests.

15.5.2 1000° DPFC shall have the right and option, exercisable within 30 days after receipt of such written notification and all information requested under subsection 15.5.1, to send written notice to the seller that 1000° DPFC intends to purchase the seller's interest, or the Franchised Restaurant, as applicable, on the same terms and conditions offered by the third party and at the same price. If 1000° DPFC does not provide written notice to the seller within the 30-day period, the 1000° DPFC will be deemed to have not exercised the right of first refusal provided to it under Section 15.5.

15.5.3 If 1000° DPFC elects to purchase the seller's interest, closing on such purchase must occur within 30 days from the date of notice to the seller of the election to purchase by 1000° DPFC. If 1000° DPFC exercises its option, 1000° DPFC will waive the transfer fee described in Section 15.4.10. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by 1000° DPFC as in the case of an initial offer.

15.5.4 Failure of 1000° DPFC to exercise the option afforded by Section 15.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 15.4 with respect to a proposed transfer, including, without limitation, the requirement that Franchisee obtains 1000° DPFC's prior written consent.

15.5.5 If the consideration, terms, and/or conditions offered by a third party include assets not related directly to the Franchised Restaurant or otherwise are such that 1000° DPFC may not reasonably be required to furnish the same consideration, terms, and/or conditions, then 1000° DPFC may purchase the interest in the Franchised

Restaurant proposed to be sold for an amount reasonably allocable to that interest the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions allocable to the interest in the Franchised Restaurant, an independent appraiser shall be mutually designated by Franchisee and 1000° DPFC, and such independent appraiser's determination shall be binding.

15.6 Transfer to a Corporation or Limited Liability Company. If Franchisee is an individual, Franchisee has the right to assign Franchisee's rights under this Agreement to a corporation or limited liability company for the convenience of operation; provided that such entity is wholly owned by Franchisee. Such assignment will not be subject to 1000° DPFC's right of first refusal, as set forth in Section 15.5 of this Agreement provided that the corporation or limited liability company complies with Section 19.1 and it is newly organized and its business activities are confined to that of operating the Franchised Restaurant or operating other Restaurants under franchise agreements with 1000° DPFC; and the corporation or limited liability company; and the corporation or limited liability company agrees in writing to assume all of your obligations under this Agreement pursuant to the terms of the Assignment and Assumption Agreement attached to this Agreement as Exhibit E.

15.7 Transfer Upon Death Or Mental Incapacity. Upon the death or mental incapacity of any person with an interest in the franchise or in Franchisee (if Franchisee is a corporation, limited liability company or partnership), the executor, administrator, or personal representative of such person shall transfer his or her interest to a third party approved by 1000° DPFC within six months after such death or mental incapacity (the "Transfer Period"). Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an inter vivos transfer, and to the following conditions:

15.7.1 In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 15.7, the personal representative of the deceased person shall have an additional period of up to six months from the date such individual is disapproved by 1000° DPFC (the "Extension Period") to dispose of the deceased's interest in the franchise.

15.7.2 Notwithstanding the foregoing, the following conditions shall be met during the Transfer Period and any Extension Period: (i) the executor, administrator, or personal representative, as applicable, has provided 1000° DPFC with documentation reasonably satisfactory to 1000° DPFC evidencing such person's authority to receive an assignment or to dispose of the deceased's interest in the franchise; (ii) the Franchised Restaurant remains open and operating in accordance with all terms and conditions of the Agreements at all times; and (iii) a manager who has been approved by 1000° DPFC and who has completed 1000° DPFC's Initial Training to 1000° DPFC's satisfaction is designated to operate the Franchised Restaurant during the Transfer Period and/or Extension Period, as applicable.

15.7.3 1000° DPFC shall in no way assume any liability in connection with the legal authority of the deceased's executor, administrator, heir, beneficiary or personal representative to receive an assignment or to dispose of the deceased's interest in the franchise.

15.7.4 In the event a manager acceptable to 1000° DPFC has not been designated to operate the Franchised Restaurant during the Transfer Period and, if applicable, Extension Period, 1000° DPFC shall have the right, at its option, to step in and either itself, or through a third party designated by 1000° DPFC, operate the Franchised Restaurant during such period. 1000° DPFC or its designee shall be entitled to a reasonable fee for such services, in addition to compensation for all costs and expenses incurred in providing such services.

15.7.5 If the foregoing conditions are not satisfied, or if the deceased's interest in the franchise is not transferred or disposed of before the expiration of the Transfer Period or Extension Period, if applicable, 1000° DPFC shall have the right to immediately terminate this Agreement.

15.8 Non-Waiver Of Claims. 1000° DPFC's consent to a transfer of any interest in the franchise granted herein shall not constitute a waiver of any claims 1000° DPFC may have against the transferring party, nor shall it be deemed a waiver of 1000° DPFC's right to demand exact compliance with any of the terms of this Agreement by the transferee.

ARTICLE 16. DEFAULT, TERMINATION AND ALTERNATIVE REMEDIES

16.1 Default and Termination. If Franchisee commits any act of default under this Agreement, and Franchisee fails to cure the default after any required notice and within the applicable cure period, then this Agreement shall terminate automatically without any requirement of further notice by 1000° DPFC or to Franchisee, subject only to 1000° DPFC's right to exercise its remedy under Section 16.4. The cure period applicable to any act of default is set forth below; if no cure period for an act of default is specifically set forth below, it shall be 30 days. No cure period is allowed for certain acts of default described below. If any applicable law requires a longer notice period or a longer cure period than is provided in this Agreement, then the period required by law shall be substituted for time period provided below.

16.2 Material Acts of Default: The following acts are each a material act of default under this Agreement and shall be good cause for termination:

16.2.1 If the Franchised Restaurant does not open for business to the public by the date that is (a) 270 days from the Effective Date of this Agreement, or (b) 180 days from the date Franchisee enters into a lease agreement or purchase agreement, as applicable, for the Approved Restaurant Location.

16.2.2 Franchisee's failure to commence the design, construction, equipping and process of opening the Franchised Restaurant with due diligence, or otherwise in accordance with time established by 1000° DPFC at the time of execution of this Agreement.

16.2.3 Franchisee files a petition or application seeking any type of relief under United States Bankruptcy Code or any state insolvency or similar law, or a third-party files a petition or application under United States bankruptcy laws or any state insolvency or similar laws seeking to have Franchisee adjudicated a bankrupt, and the petition is not dismissed within 90 days after it is filed. Subject to applicable law, this Agreement shall terminate without notice or cure period upon the occurrence of this act of default as if that date were the expiration date and Franchisee expressly and knowingly waives any rights that Franchisee may have under the provisions of the United States Bankruptcy Code and consents to the termination of this Agreement or any other relief which may be sought in a complaint filed by 1000° DPFC to lift the provisions of the automatic stay of the United States Bankruptcy Code. Additionally, Franchisee agrees not to seek an injunctive order from any court in any jurisdiction relating to insolvency, reorganization or arrangement proceedings which would have the effect of staying or enjoining this provision.

16.2.4 Franchisee becomes insolvent, a receiver or custodian (permanent or temporary) of Franchisee's property or any part thereof is appointed by a court of competent authority, or Franchisee makes a general assignment for the benefit of creditors. There shall be no cure period for an act of default under this provision.

16.2.5 A final judgment against Franchisee remains unsatisfied of record for 30 days or longer (unless a supersedes or other appeal bond is filed), execution is levied against Franchisee's business or property at the Location, or a suit to foreclose any lien or mortgage against the Franchised Restaurant premises or any furniture, fixtures or equipment at the Franchised Restaurant is filed against Franchisee and not dismissed within 30 days. The cure period for an act of default under this provision is five days after notice by 1000° DPFC following expiration of any other period set forth in the provision.

16.2.6 Franchisee defaults in the performance of any term, condition, or obligation of payment of any indebtedness to Franchisee's suppliers or others arising out of the purchase or lease of equipment in connection with the Franchised Restaurant.

16.2.7 Franchisee fails to pay when due any Royalty Fee, Advertising Fee, or other amounts due and payable to 1000° DPFC under this Agreement. The cure period for an act of default under this provision is 10 days after notice by 1000° DPFC.

16.2.8 Franchisee fails to submit any Gross Sales reports or other financial report required under this Agreement, or unintentionally files an inaccurate Gross Sales statement or other financial report required under this Agreement. The cure period for an act of default under this provision is five days after notice by 1000° DPFC.

16.2.9 Franchisee knowingly submits any false Gross Sales statement or other financial report required under this Agreement. There shall be no cure period for an act of default under this provision.

16.2.10 Franchisee fails to operate the Franchised Restaurant in accordance with 1000° DPFC's standards as to cleanliness, safety, health and sanitation. The cure period for an act of default under this provision is five days after notice by 1000° DPFC.

16.2.11 Franchisee fails to immediately rectify all hazardous situations, and immediately remove and destroy any and all hazardous products. For purposes of the foregoing sentence, "hazardous situations" are those which have the potential to cause injury, illness or death, and "hazardous products" are products which are unfit for human consumption or which have the potential to cause injury, illness or death. There shall be no cure period for an act of default under this provision.

16.2.12 Franchisee sells products at the Franchised Restaurant that are not approved by 1000° DPFC for sale at the Franchised Restaurant, or sells products that do not conform to the product specifications established by 1000° DPFC. The cure period for an act of default under this provision is five days after notice by 1000° DPFC.

16.2.13 Franchisee fails to use proprietary recipes designated by 1000° DPFC, or fails to sell or offer for sale at the Franchised Restaurant any product that is required by 1000° DPFC to be sold or offered for sale at the Franchised Restaurant. The cure period for an act of default under this provision is five days after notice by 1000° DPFC.

16.2.14 Franchisee fails to use at the Franchised Restaurant any furniture, fixtures, equipment or signage required by 1000° DPFC to be used at the Franchised Restaurant.

16.2.15 Franchisee uses at the Franchised Restaurant any furniture, fixtures, equipment or signage not approved by 1000° DPFC for use at the Franchised Restaurant.

16.2.16 Franchisee fails to repair and maintain the Franchised Restaurant, or the furniture, fixtures, equipment or signage at the Franchised Restaurant to the standards required by 1000° DPFC.

16.2.17 Franchisee fails to operate the Franchised Restaurant in accordance with any of the 1000° DPFC's standards (other than those as to cleanliness, safety, health and sanitation) as to operating procedures, system and methods of operation (including, without limitation, standards related to quality and quantity of food products served).

16.2.18 Franchisee fails to obtain and maintain all insurance required under this Agreement, with all required terms and policy provisions as required by this Agreement. The cure period for an act of default under this provision is 10 days after notice by 1000° DPFC.

16.2.19 Franchisee violates any law, ordinance, rule or regulation of a governmental body or authority in connection with the operation of the Franchised Restaurant, and Franchisee fails to correct the violation within 20 days after notification by the governmental body or authority. The cure period for an act of default under this provision is five days from notice by 1000° DPFC after expiration of the 20 days from notification by the governmental body or authority; *provided, however*, that the five day cure period shall be stayed if there is a bona fide dispute as to the violation or the legality of the law, ordinance, rule or regulation at issue, and Franchisee takes action in an appropriate court or other forum to contest such violation or legality.

16.2.20 Franchisee loses its right to possession of the Franchised Restaurant or the Approved Restaurant Location. There shall be no cure period for an act of default under this provision.

16.2.21 Franchisee abandons the franchise and franchise relationship with 1000° DPFC. It shall be an abandonment of the franchise and franchise relationship with 1000° DPFC if Franchisee ceases to do business at the Franchised Restaurant for a period of five consecutive days. There shall be no cure period for an act of default under this provision.

16.2.22 Franchisee fails to comply with the restrictions on Confidential Information, or any covenants set forth in Article 11 or Article 18 of this Agreement, or if Franchisee misuses or make any unauthorized use of the Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated therewith or 1000° DPFC's rights therein. There shall be no cure period for an act of default under this provision.

16.2.23 Franchise sells, assigns, transfers, encumbers, or licenses any interest in this Agreement or in the franchise or Franchised Restaurant without the prior written consent of 1000° DPFC and otherwise as permitted under this Agreement. There shall be no cure period for an act of default under this provision.

16.2.24 Franchisee violates any other obligation, provision or condition of this Agreement, not specifically identified in Section 16.2.

16.2.25 Franchisee commits three or more acts of default under this Agreement within any consecutive 12 month period, even if any of the three acts of default are cured by Franchisee. There shall be no cure period under this provision, so that if two prior defaults occur within a 12 month period, this Agreement shall immediately terminate upon the occurrence of an a third act of default, and a notice of default delivered by 1000° DPFC.

16.2.26 Franchisee, or any individual with an ownership interest in Franchisee, is convicted in a court of competent jurisdiction of (i) an offense punishable by a term of imprisonment in excess of one year, or (ii) any offense for which a material element is fraud, dishonesty or moral turpitude. There shall be no cure period for an act of default under this provision.

16.3 Cross Default. If Franchisee commits a default in the performance of any of the covenants, conditions or agreements contained in Franchisee's lease for the Approved Restaurant Location or any other agreement (each a "Related Agreement") between (a) Franchisee and 1000° DPFC or 1000° DPFC's subsidiaries or affiliates, or (b) any of Franchisee's Owners, Guarantors or affiliates and 1000° DPFC or 1000° DPFC's subsidiaries or affiliates, Franchisee shall also be in default under this Agreement. Unless the default under such lease or other agreement is cured within the lesser of (a) 30 days after written notice of default by 1000° DPFC under this Agreement, or (b) the applicable cure period for the default under the lease or Related Agreement, 1000° DPFC has the right to terminate this Agreement pursuant to Section 16.2, in addition to 1000° DPFC's rights, if any, under such other agreement(s). Franchisee specifically agrees that all of the foregoing remedies shall be available to 1000° DPFC as a result of Franchisee's failure to perform all obligations required on Franchisee's part pursuant to Franchisee's lease agreement or any Related Agreement, or any breach or default by Franchisee thereunder, even if Franchisee is not otherwise in default under this Agreement.

16.4 1000° DPFC's Right to Assume Management.

16.4.1 If Franchisee commits an act of default that has no cure period, or fails to cure a default under Section 16.2, such that this Agreement is subject to termination, 1000° DPFC, as an alternative to immediately terminating the Agreement, has the right, but not the obligation, to enter the Approved Restaurant Location and assume management of the Franchised Restaurant for any period of time 1000° DPFC deems appropriate in its sole discretion.

16.4.2 If 1000° DPFC assumes management of the Franchised Restaurant under this Section 16.4, 1000° DPFC shall be entitled to collect an amount equivalent to the Royalty Fee and Advertising Fee that would be due under this Agreement, in addition to 1000° DPFC's direct out-of-pocket costs and expenses incurred in the management of the Franchised Restaurant.

16.4.3 1000° DPFC's exercise of its right to assume management of the Franchised Restaurant under Section 16.4 will not affect 1000° DPFC's right to terminate this Agreement at any time without additional notice to Franchisee.

16.4.4 If 1000° DPFC assumes management of the Franchised Restaurant under this Section 16.4, Franchisee acknowledges that (a) Franchisee has no measurable property right remaining in the franchise (which was subject to immediate termination), (b) 1000° DPFC's duty is limited to using 1000° DPFC's reasonable efforts to manage the Franchised Restaurant, and (c) 1000° DPFC will not be liable to Franchisee or its owners for any debts, losses or obligations related to the Franchised Restaurant or to any of Franchisee's creditors for any supplies or services provided to the Franchised Restaurant.

ARTICLE 17. POST-TERM OBLIGATIONS

17.1 Post Termination/ Expiration Obligations. Upon termination or expiration of this Agreement, all rights granted to you under this Agreement shall immediately terminate, and you shall strictly comply with the following obligations:

17.1.1 You shall immediately cease to operate the Franchised Restaurant, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of 1000° DPFC or the System.

17.1.2 You shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System; the Marks, trade dress and distinctive forms, slogans, signs, symbols, and devices associated with the System. Without limiting the generality of the foregoing, you shall cease to use all System trade fixtures, signs, advertising materials, displays, stationery, forms, products and any other articles displaying the Marks.

17.1.3 You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains any of the Marks, and you shall furnish 1000° DPFC with evidence satisfactory to 1000° DPFC of your compliance with this obligation within 5 days after termination or expiration of this Agreement.

17.1.4 You shall, at 1000° DPFC's option, assign or sublease to 1000° DPFC, or its designee, any interest which you have in any lease for the Franchised Restaurant. If 1000° DPFC does not require you to assign the lease to 1000° DPFC or its designee, you shall make all modifications, changes and alterations to the interior and exterior of the premises at which the Franchised Restaurant was operated, as designated by 1000° DPFC, so as to de-identify the premises from the System. If you fail or refuse to comply with the requirements of this Section 17.1.4, 1000° DPFC shall, in addition to any other rights and/or remedies available to 1000° DPFC under this Agreement or applicable law, have the right to enter upon the premises where the Franchised Restaurant was conducted, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your expense, which expense you shall pay to 1000° DPFC or its designee immediately upon demand.

17.1.5 You shall assign to 1000° DPFC or its designee the telephone numbers used in connection with the operation of the Franchised Restaurant. You shall complete all forms and approvals and perform all acts reasonably necessary to effectuate such assignments or transfers.

17.1.6 Without limiting any of your obligations under this Agreement, you agree that if you continue to operate or subsequently begin to operate any business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks or the Trade Dress, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute 1000° DPFC's rights in and to the Marks and Trade Dress, and you further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with 1000° DPFC constituting unfair competition.

17.1.7 You shall promptly pay all sums owing to 1000° DPFC and its subsidiaries and affiliates, including Royalty Fees, Continuing Advertising Fees, interest due on any of the foregoing and all other amounts owed to 1000° DPFC that are then upaid.

17.1.8 The parties agree that, if this Agreement is terminated as a result of your default prior to the expiration of the Term, it would be impossible to calculate with reasonable precision the losses that would be incurred by 1000° DPFC because of the unpredictability of future business conditions, inflationary prices, the impact on 1000° DPFC's reputation from having a closed location, the ability of 1000° DPFC to replace the Franchised Restaurant in the same market, and other factors. Accordingly, if this Agreement is terminated as a result of any default by you, 1000° DPFC shall be entitled to recover as liquidated damages, and not as a penalty, an amount equal to the aggregate Royalty Fees and Advertising Fees due to 1000° DPFC during the 36 full calendar months during which the Franchised Restaurant was open and operating immediately before the termination date. If the Franchised Restaurant has not been open and operating for 36 months before the termination date, liquidated damages shall be equal to the average monthly Royalty Fees and Advertising Fees due to 1000° DPFC for all months during which the Franchised Restaurant was open and operating multiplied by 36. If there are less than 36 months remaining on the Term, the liquidated damages shall be calculated by multiplying the amount calculated above by a fraction, the numerator of which is the number of calendar months (including partial months) remaining on the Term, and the denominator of which is 36.

17.1.9 You shall pay to 1000° DPFC all damages, costs, and expenses, including reasonable attorneys' fees, incurred by 1000° DPFC subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Article 17 or any other post-term obligations under this Agreement.

17.1.10 You shall immediately deliver to 1000° DPFC all manuals, including the Manual, and all other records, correspondence, and instructions containing confidential information, or information relating to the operation of the Franchised Restaurant, all of which are acknowledged to be the property of 1000° DPFC, and shall retain no copy or record of any of the foregoing, with the exception of your copy of this Agreement, any correspondence between the parties, and any other documents which you reasonably need for compliance with any provision of law.

17.1.11 Franchisee shall comply with the covenants contained in Article 18.3 of this Agreement.

17.2 <u>1000° DPFC's Right to Purchase the Franchised Business</u>. 1000° DPFC shall have the option, to be exercised within 60 days after termination or expiration of this agreement, as applicable, to purchase the Franchised Restaurant from you, including the leasehold rights to the Franchised Restaurant, free and clear of all liens, restrictions or encumbrances. (The date on which 1000° DPFC notifies you whether or not 1000° DPFC is exercising its option is referred to in this Agreement as the "Notification Date.") 1000° DPFC has the unrestricted right to assign this option to purchase the Franchised Restaurant. 1000° DPFC will be entitled to all customary warranties and representations in connection with 1000° DPFC's asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contract and agreements; and liabilities effecting the assets, contingent or otherwise. If 1000° DPFC elects to exercise its option to purchase the Franchised Business, the following shall apply:

17.2.1 <u>Leasehold Rights.</u> You agree, at 1000° DPFC's election to assign your leasehold interest in the Franchised Restaurant premises to 1000° DPFC or its designee, or to enter into a sublease with 1000° DPFC or its designee for the remainder of the lease term on the same terms (including renewal options) as the prime lease.

17.2.2 <u>Purchase Price</u>. The purchase price for the Franchised Restaurant will be its fair market value, determined in a manner consistent with reasonable depreciation of the Franchised Restaurant's equipment, signs, inventory, materials and supplies, provided that the Franchised Restaurant will be valued as an independent business and its value will not include any value for the franchise or any rights granted by this Agreement; the Marks; or participation in the network of System Restaurants.

17.2.3 Fair Market Value. The Franchised Restaurant's fair market value will include the reasonable goodwill you developed since your commencement of operations that exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the Franchised Restaurant premises will also be considered in determining the Franchised Restaurant's fair market value.

17.2.4 Exclusions. 1000° DPFC may exclude the assets purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials, and supplies that are not reasonably necessary (in function or quality) to the Franchised Restaurant's operation or that 1000° DPFC has not approved as meeting standards for the Franchised Restaurant, and the purchase price will reflect such exclusions.

17.2.5 Appraisal. If you and 1000° DPFC are unable to agree on the Franchised Restaurant's fair market value, its fair market value will be determined by one (1) independent qualified appraiser that 1000° DPFC appoints in its sole business judgment. 1000° DPFC will appoint the appraiser within fifteen (15) days after the date 1000° DPFC determines you and 1000° DPFC are unable to agree on the Franchised Restaurant's fair market value. You and 1000° DPFC will share equally the fees and expenses of the appraiser. You and we further agree to take reasonable actions to cause the appraiser to complete the appraisal within thirty (30) days after the appraiser's appointment. 1000° DPFC shall have the right to offset against the purchase price your share of the appraiser's fees if you fail to pay such fees within 5 business days after your receipt of the appraiser's invoice.

17.2.6 Closing. The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. 1000° DPFC also shall have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your owners or guarantors owe to us, including attorneys' fees.

17.2.7 Instruments. At the closing, you agree to deliver instruments transferring' (a good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interest acceptable to 1000° DPFC, if any) with all sales and other transfer taxes paid by you; and (b) all licenses and permits of the Franchised Restaurant which may be assigned or transferred; and (c) the leasehold interest in the Franchised Restaurant premises and improvements thereon.

17.2.8 Escrow. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will, at 1000° DPFC's election, be accomplished through an escrow arrangement with an independent escrow agent selected by 1000° DPFC.

17.2.9 Releases. You and your owners and guarantors agree to execute general releases, in form satisfactory to 1000° DPFC of any and all claims against 1000° DPFC and its shareholders, officers, directors, employees, agents, successors and assigns.

ARTICLE 18. BEST EFFORTS; RESTRICTIVE COVENANTS

18.1 Best Efforts. Franchisee covenants that during the Term, except as otherwise approved in writing by 1000° DPFC, Franchisee's Managing Owner, who has: (i) been approved by 1000° DPFC; (ii) completed 1000° DPFC's Initial Training to 1000° DPFC's satisfaction; and (iii) entered into a Restrictive Covenant Agreement in the form attached hereto as Exhibit F, shall devote full time, energy, and best efforts to the management and operation of the Franchised Restaurant.

18.2 In-Term Covenants. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of 1000° DPFC and the System. Franchisee covenants that during the Term, except as otherwise approved in writing by 1000° DPFC, neither Franchisee, nor any of its officers, directors, members, managers, shareholders, partners or owners, nor Franchisee's spouse nor the spouse of any of the aforementioned individuals (collectively "Bound Parties"), will, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company or corporation:

18.2.1 Divert or attempt to divert any business or customer of the Franchised Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with 1000° DPFC's Marks or the System; or

18.2.2 Own, maintain, operate, engage in, provide any assistance to, or have any interest in any Competitive Business (as defined below).

The term "Competitive Business" means any business operating, or granting franchises or licenses to others to operate, a restaurant offering or selling pizza. The term Competitive Business shall not include other Restaurants operated by Franchisee pursuant to a valid, binding franchise agreement by and between Franchisee and 1000° DPFC.

18.3 Post-Termination/Expiration Covenants. You covenant that, except as otherwise approved in writing by 1000° DPFC, you shall not, for a continuous uninterrupted period commencing upon the expiration, transfer or termination of this Agreement (regardless of the cause for termination) and continuing for 2 years thereafter, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons (including your spouse or any immediate family member, or the spouse or any immediate family member of any personal guarantor of this Agreement), partnership, limited liability company or corporation, own, maintain, operate, engage in, provide assistance to, or have any interest in any Competitive Business (as defined ~~below~~above) that is, or is intended to be, located (a) at the Approved Restaurant Location; (b) within a 25 mile radius of the Approved Restaurant Location, or within a 25 mile radius of any other Restaurant in existence or under construction at the time this Agreement is terminated, expired or transferred, as applicable; or (c) anywhere in the state of New Jersey. Franchisee further covenants that it shall not engage in unfair competition with 1000° DPFC.

18.4 No Defense. Franchisee expressly agrees that the existence of any claims Franchisee may have against 1000° DPFC, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by 1000° DPFC of the covenants in this

Article 18. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by 1000° DPFC in connection with the enforcement of any of Franchisee's obligations under Article 18.

18.5 Irreparable Harm. Franchisee acknowledges that any violation of the terms of Article 18 would result in irreparable injury to 1000° DPFC for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of any of the terms of Article 18.

18.6 Restrictive Covenant Agreements. Franchisee shall require and obtain execution of a restrictive covenant agreement in the form attached to this Agreement as Exhibit F which includes covenants similar to those set forth in this Article 18 (including covenants applicable upon the termination of a person's relationship with Franchisee) from the Franchisee's Managing Owner, the Kitchen Managers, and all of Franchisee's managers and any other personnel employed by Franchisee who has received or will receive training from 1000° DPFC or will otherwise be privy to Confidential Information. Every covenant required by this Section 18.6 shall include a specific identification of 1000° DPFC as a third party beneficiary of such covenants with the independent right to enforce them.

18.7 Acknowledgment. Franchisee acknowledges and agrees that the length and term of the geographical restrictions contained in Article 18 are fair and reasonable and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of 1000° DPFC. Franchisee agrees that Franchisee's full, uninhibited and faithful observance of each of the covenants contained in Article 18 will not cause any undue hardship, financial or otherwise, and that the enforcement of each of the covenants in this Article will not impair Franchisee's ability to obtain employment commensurate with Franchisee's abilities and on terms fully acceptable to Franchisee or otherwise to obtain income required for the comfortable support of Franchisee, Franchisee's family and the satisfaction of Franchisee's creditors. Franchisee agrees that its special knowledge of the business of a System franchisee (and anyone acquiring knowledge through Franchisee) would cause 1000° DPFC and other System franchisees serious injury and loss if Franchisee (or anyone acquiring knowledge through Franchisee) were to use this knowledge to the benefit of a competitor or were to compete with 1000° DPFC or any System franchisees.

18.8 Extension of Covenant Period. If Franchisee violates the post-term covenant set forth in Section 18.3 above following expiration, termination or transfer of this Agreement, Franchisee acknowledges and agrees that the post-term covenant period of two years shall be extended to commence on the date Franchisee first complies with such covenant so as to provide 1000° DPFC with the full benefit of the post-term covenant period uninterrupted by Franchisee's interference.

ARTICLE 19. OWNERSHIP BY LEGAL ENTITY

19.1 Corporation or Limited Liability Company. If Franchisee is a corporation or limited liability company, the following requirements shall apply:

19.1.1 Franchisee shall be newly organized and its charter shall at all times provide that Franchisee's activities are confined exclusively to operating the Franchised Restaurant.

19.1.2 If Franchisee is a corporation, copies of Franchisee's Articles of Incorporation, Bylaws, and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this Agreement shall be promptly furnished to 1000° DPFC. If Franchisee is a limited liability company, copies of Franchisee's Certificate of Organization, Operating Agreement and other governing documents, any amendments thereto, including any resolutions authorizing entry into this Agreement shall be promptly furnished to 1000° DPFC.

19.1.3 Franchisee shall maintain stop-transfer instructions against the transfer on Franchisee's records of any equity securities or membership interests; and each stock certificate or membership interest, as applicable, shall have conspicuously endorsed upon its face a statement in a form satisfactory to 1000° DPFC that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; *provided, however*, that the requirements of this Section 19.1.3. shall not apply to a publicly-held corporation.

19.1.4 Franchisee shall maintain a current list of: (i) all owners of record and all beneficial owners of any class of voting securities, if Franchisee is a corporation; or (ii) all members or beneficial owners of any interest, if Franchisee are a limited liability company, and Franchisee shall furnish the list to 1000° DPFC.

19.1.5 All shareholders, if Franchisee is a corporation, or all members and managers, if Franchisee is a limited liability company, shall jointly and severally guarantee Franchisee's performance under this Agreement and shall bind themselves to the terms of this Agreement; *provided, however*, that the requirements of this Section 19.1.5. shall not apply to a publicly-held corporation.

19.2 Partnerships. If Franchisee is a partnership, Franchisee shall comply, except as otherwise approved in writing by 1000° DPFC, with the following requirements throughout the Term:

19.2.1 Franchisee shall furnish 1000° DPFC with its partnership agreement as well as such other documents as 1000° DPFC may reasonably request, and any amendments thereto.

19.2.2 Franchisee shall prepare and furnish to 1000° DPFC, upon request, a list of all general and limited partners.

ARTICLE 20. COMPLIANCE WITH LAWS; TAXES & PERMITS

20.1 Compliance with Laws. Franchisee shall comply with all applicable federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business franchised under this Agreement, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

20.2 Prompt Payment. Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the business franchised under this Agreement.

20.3 Bona Fide Dispute. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; *provided, however*, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Restaurant, or any improvements thereon.

20.4 Notice of Action. Franchisee shall notify 1000° DPFC in writing within five days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Restaurant.

ARTICLE 21. INDEPENDENT CONTRACTOR STATUS; INDEMNIFICATION

21.1 Independent Contractors/ No Fiduciary Relationship.

21.1.1 1000° DPFC and Franchisee have no intention whatsoever to create a fiduciary relationship and the parties understand that no fiduciary or special relationship exists or is created by this Agreement. ~~Franchisee shall in all respects be an independent contractor, and nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer,~~It is expressly agreed that the parties intend by this Agreement to establish between you and us the relationship of franchisee and franchisor. It is further agreed that you have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on our behalf for any purpose whatsoever. Neither you nor we are the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent. All employees and agents hired or engaged by or working for you will be only the employees or agents of yours and will not, for any purpose, be deemed employees or agents of ours, nor subject to our control. We have no authority to exercise control over the hiring or termination of your employees, independent contractors, agents or others who work for you, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the Marks. You shall file your own tax, regulatory and payroll reports with respect to your employees, agents and contractors and you shall save, indemnify and hold us harmless from any and all liability, costs and expenses of any nature that we incur related to these obligations. Franchisee shall in all respects be an independent contractor, and nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer, joint-employer, partner, employee, or servant of the other for any purpose whatsoever.

21.1.2 During the Term, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a license from 1000° DPFC. Franchisee agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice in a conspicuous place at the Franchised Restaurant premises, the content of which 1000° DPFC reserves the right to specify providing that Franchisee is a Franchisee and Independent operator. Without limiting the foregoing, you shall display the following notice in a prominent place at your Restaurant: "***This 1000 Degrees Pizzeria® Restaurant is a franchise of 1000 Degrees Pizzeria Franchise, Inc. and is independently owned and operated by [Insert Franchisee entity name]."***

21.1.3 1000° DPFC does not owe Franchisee any special duty other than to comply with its contractual duties under this Agreement.

21.2 No Authorization. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on 1000° DPFC's behalf, or to incur any debt or other obligation in 1000° DPFC's name; and 1000° DPFC shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall 1000° DPFC be liable by reason of any act or omission by Franchisee in the conduct of the Franchised Restaurant or for any claim or judgment arising therefrom against Franchisee or 1000° DPFC. 1000° DPFC will have no liability or responsibility for any damages to any person or property directly or indirectly arising out of the Franchised Restaurant's operation.

21.3 Indemnification. Franchisee shall save, defend, exonerate, indemnify and hold 1000° DPFC, and 1000° DPFC's principals, affiliates, shareholders, members, managers, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations and damages described in this Section any taxes described in Section 5.8 of this Agreement and any claims and liabilities directly or indirectly arising out of the Franchised Restaurants' operation or Franchisee's breach of this Agreement, except to the extent they arise as a result of 1000° DPFC's own gross negligence or willful misconduct. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigations and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. 1000° DPFC has the exclusive right to defend any such claim. This indemnity will continue in effect after the expiration or termination of this Agreement. Under no circumstances will 1000° DPFC or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate their or 1000° DPFC's losses and expenses, in order to maintain and recover fully a claim against Franchisee.

ARTICLE 22. APPROVALS; WAIVERS; NOTICES

22.1 Approvals and Consents. Whenever this Agreement requires the prior approval or consent of 1000° DPFC, Franchisee shall make a timely written request to 1000° DPFC therefor, and such approval or consent must be obtained in writing. 1000° DPFC may grant or withhold its approval or consent in 1000° DPFC's sole and absolute discretion.

22.2 No Warranties. 1000° DPFC makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

22.3 No Waiver. 1000° DPFC will not be deemed to have waived or impaired any right, power, or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant of this Agreement or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term) by virtue of any custom or practice at variance with the terms of this Agreement; 1000° DPFC's failure, refusal or neglect to exercise any right under this Agreement or to insist upon exact compliance by Franchisee with respect to the obligations of this Agreement, including, without limitation, any System standard; 1000° DPFC's waiver, forbearance, delay, failure or omission to exercise any right, power or option, whether of the same, similar or different nature, with respect to other Restaurants; the existence of other franchise agreements for Restaurants which contain different provisions from those contained in this Agreement; or 1000° DPFC's acceptance of any payments due from Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will constitute a waiver, compromise, settlement or accord and satisfaction. 1000° DPFC is authorized to remove or obliterate any legend or endorsement, and such legend or endorsement will have no effect. Acceptance by 1000° DPFC of payments due under this Agreement from any person or entity shall be deemed to be acceptance from such person or entity as Franchisee's agent and not as recognition of such person or entity as Franchisee's assignee or successor.

22.4 Notices. Any and all notices required or permitted under this Agreement or the Manual shall be deemed so delivered: (a) at the time delivered, if by hand; (b) one business day after being placed on the hands of a commercial courier service for next business day delivery; or (c) three business days after placement in the United States Mail by registered or certified mail, return receipt request postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. 1000° DPFC may send any notice to Franchisee at the Approved Restaurant Location. Franchisee must send a copy of any notice to 1000° DPFC to the attention of 1000° DPFC's president or chief executive officer. Notwithstanding the deemed delivery dates above, any required payment or report which 1000° DPFC does not actually receive during regular business hours on the date due will be deemed delinquent. 1000° DPFC's current address for notices is set forth in the opening paragraph of this Agreement.

22.5 Force Majeure. Neither Franchisee nor 1000° DPFC will be liable for loss or damage or deemed to be in breach of this Agreement if Franchisee's or 1000° DPFC's failure to perform any obligation results from:

22.5.1 transportation shortages, inadequate supply of equipment, products, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof;

22.5.2 acts of God;

22.5.3 fires, strikes, embargoes, wars or riots; or

22.5.4 any other similar event or cause beyond the control of the affected party.

Any delay resulting from any of said causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed at the time of such occurrence or payment of royalties due on any sales thereafter.

22.6 Withholding of Payments Prohibited. Franchisee agrees that it will not set off or withhold payment of any amounts Franchisee owes on the grounds of 1000° DPFC's alleged nonperformance of any of Franchisee's obligations under this Agreement or for any other reason.

ARTICLE 23. SEVERABILITY; CONSTRUCTION

23.1 Severability. Except as expressly provided to the contrary in this Agreement, each section, part, term, provision, and covenant of this Agreement, and any portion of each, will be considered severable. If, for any reason, any such section, part, term, provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Agreement.

23.2 No Third Party Beneficiaries. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, 1000° DPFC, 1000° DPFC's officers, directors, and employees, and such of Franchisee's and 1000° DPFC's respective successors and assigns as may be contemplated (and, as to Franchisee, permitted) by Section 15 hereof, any rights or remedies under or by reason of this Agreement.

23.3 Maximum Duty. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which 1000° DPFC is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

23.4 Captions. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

23.5 References. All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable; and all acknowledgments, promises, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Agreement on Franchisee's behalf.

23.6 Additional Requirements. All instructions, requirements, prescriptions or specifications to be provided by 1000° DPFC to Franchisee, as required under this Agreement, may be provided to Franchisee in the Manual or otherwise in writing, or in such manner as 1000° DPFC may deem suitable.

ARTICLE 24. GOVERNING LAW; MEDIATION; ARBITRATION; WAIVERS; LIMITATIONS

24.1 Governing Law & Venue. This Agreement shall take effect upon its acceptance and execution by 1000° DPFC. Except to the extent governed by the United States Arbitration Act (9 U.S.C.§§ 1, et. seq.) and the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. §1050 et seq.), this Agreement, the franchise and all claims arising from or in any way related to the relationship between 1000° DPFC, and/or any of its affiliates, on the one hand, and you, and any of your owners, guarantors and/or affiliates, on the other hand, shall be interpreted and construed under the laws of the state of New Jersey, which laws shall prevail in the event of any conflict of law, except that any law regulating the sale of franchises or governing the relationship of a 1000° DPFC and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this paragraph.

24.1.1 In the event the arbitration clause set forth in Section 24.3 is inapplicable or unenforceable, and subject to 1000° DPFC's right to obtain injunctive relief in any court of competent jurisdiction, the following provision shall govern: The parties hereby expressly agree that the United States District Court for District of New Jersey, or if such court lacks subject matter jurisdiction, the State Superior Court in Atlantic County, New Jersey, shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. You acknowledge that this Agreement has been entered into in the State of New Jersey and that you are to receive valuable and continuing services emanating from 1000° DPFC's headquarters in Atlantic County, New Jersey. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision.

24.2 Mediation. The parties have reached this Agreement in good faith and in belief that it is advantageous to each of them. In recognition of the enormous strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Other than an action by 1000° DPFC under Section 24.4 of this Agreement, before beginning any legal action or arbitration, the parties agree to mediate any dispute, controversy or claim between you and/or any of your owners, affiliates, officers, directors, shareholders, guarantors, employees, owners or members (each a "Franchisee Related Party"), on the one hand, and 1000° DPFC, and/or any of its affiliates, officers, directors, shareholders, members, guarantors, employees, representatives, independent contractors or owners (each a "1000° DPFC Related Party"), on the other hand, including, without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) any lease or sublease for your Franchised Business; (c) any loan or other finance arrangement between 1000° DPFC and 1000° DPFC's affiliates and you; (d) the parties' relationship; (e) events occurring prior to the entry into this Agreement; (f) the Restaurant; or (g) any System standard, in accordance with the procedures set forth in this Section 24.2, inclusive of all subparts. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement. The Mediation shall be conducted in accordance with the following provisions:

24.2.1 Initiation Procedure. The party seeking mediation (the "Initiating Party") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "Dispute Notice"). The Dispute Notice will specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages, and the nature of any injunctive or other relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party. The party (or parties as the case may be) receiving a Dispute Notice (the "Responding Party") will issue a written response (the "Response") to the Initiating Party within ten (10) days after receipt of the Dispute Notice identifying one or more persons with authority to settle the dispute on the Responding Party's behalf (the "Authorized Persons").

24.2.2 Direct Negotiations. Upon receipt of a Dispute Notice and the issuance of the Response, the parties will endeavor, in good faith, to resolve the dispute outlined in the Dispute Notice and the Response. If the parties have been unable to resolve any such dispute(s) outlined in a Dispute Notice or a response thereto within twenty (20) days after the Initiating Party's receipt of the Response, either party may initiate a mediation procedure in accordance with the American Arbitration Association ("AAA"), pursuant to its Commercial Mediation Procedures, and unless otherwise agreed by the parties will take place in Galloway, New Jersey, or the city of 1000° DPFC's then-current corporate headquarters, as 1000° DPFC designates.

24.2.3 Selection of the Mediator. The Authorized Persons will have seven (7) days from the date on which one party gives notice that he, she, or it is beginning mediation within which to submit to one another written lists of acceptable mediators who are not associated with either of the parties. Within seven (7) days from the date of receipt of any list, the Authorized Persons must rank all the mediators in numerical order of preference and exchange the rankings. If one or more names are on both lists, the highest ranking one of these will be designated the mediator. If this process does not result in selection of a mediator, the parties agree jointly to request the arbitral organization designated in Section 24.2 to supply a list of qualified potential mediators. Within seven (7) days after receipt of the list, the parties must again rank the proposed mediators in numerical order of preference and must simultaneously exchange their lists. The mediator having the highest combined ranking shall be appointed as mediator. If the highest ranking mediator is not available to serve, the parties must go on to contact the mediator who was next highest in ranking until they are able to select a mediator.

24.2.4 Time and Place for Mediation. In consultation with the parties, the mediator shall promptly designate a mutually acceptable time and place for the mediation. Unless the circumstances make it impossible, the time may not be later than thirty (30) days after the selection of the mediator.

24.2.5 Exchange of Information. If either party to this Agreement believes he, she, or it needs information in the possession of another party to this Agreement to prepare for the mediation, all parties must attempt in good faith to agree on procedures for an exchange of information, with the help of the mediator if required.

24.2.6 Summary of Views. At least seven (7) days before the first scheduled mediation session, each party must deliver to the mediator and to the other party a concise written summary of its views on the matter in dispute and on any other matters that the mediator asks them to include. The mediator may also request that each party submit a confidential paper on relevant legal issues, which may be limited in length by the mediator, to him or her.

24.2.7 Representatives. In the mediation, each party must be represented by an Authorized Person and may be represented by counsel. In addition, each party may, with permission of the mediator, bring with him, her, or it any additional persons who are needed to respond to questions, contribute information, and participate in the negotiations.

24.2.8 Conduct of Mediation. The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself and the Authorized Persons an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the Authorized Persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party. The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible.

24.2.9 Termination of Procedure. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section. The mediation may be concluded (1) by the signing of a settlement agreement by the parties, (2) by the mediator's declaration that the mediation is terminated, or (3) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

24.2.10 Fees of Mediator; Disqualification. The fees and expenses of the mediator must be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved.

24.2.11 Confidentiality. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible will not be excluded from discovery or made inadmissible simply because of its use in the mediation.

24.3 Arbitration. Except as provided in Article 24.4, and if not resolved by the negotiation and mediation procedures described under Section 24.2 above, any dispute, controversy or claim between you and/or a Franchisee Related Party, on the one hand, and 1000° DPFC and/or any 1000° DPFC Related Party, on the other hand, including, without limitation, any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the relationship of the parties; (c) the events leading up to the entry into this Agreement; (d) any lease or sublease for your Restaurant; (e) any loan or other finance arrangement between 1000° DPFC or 1000° DPFC's affiliates and you; (f) the parties' relationship; (g) your Restaurant; (h) any System Standard; (i) any claim based in tort or any theory of negligence; (j) or the scope of validity of the arbitration obligation under this Article; shall be determined in New Jersey by the AAA. The arbitration will be administered by the AAA pursuant to its Commercial Arbitration Rules then in effect by one arbitrator. The arbitrator shall be an attorney with substantial experience in franchise law. If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear. The arbitration shall be conducted in accordance with the following provisions:

24.3.1 In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred.

24.3.2 Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational action, or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation on joinder of, or class action certification of, claims is unenforceable, then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts, in accordance with Article 24.1.1. The arbitration must take place in Galloway, New Jersey, or where 1000° DPFC's then-current office, as 1000° DPFC designates.

24.3.3 The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or 1000° DPFC. The arbitrator may not under any circumstance (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or exemplary damages, (c) certify a class or a consolidated action, or (d) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator will have the right to make a determination as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which the main office of 1000° DPFC is located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to: any decision as to whether Article 24.3 is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

24.3.4 The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

24.3.5 The arbitrator will have subpoena powers limited only by the laws of the state of New Jersey.

24.3.6 The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute will otherwise have the same discovery rights as are available in civil actions under the laws of the state of New Jersey.

24.3.7 All other procedural matters will be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the state of New Jersey.

24.3.8 Other than as may be required by law, the entire arbitration proceedings (including, but not limited to, any rulings, decisions or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

24.3.9 The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

24.3.10 1000° DPFC reserves the right, but has no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished 1000° DPFC's right to seek recovery of those costs against you.

24.4 Exceptions to Arbitration and Mediation.

24.4.1 Notwithstanding the provisions of Sections 24.2 and 24.3 of this Agreement, 1000° DPFC shall be entitled, without bond, to the entry of temporary, preliminary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement in any court of competent jurisdiction relating to: (a) your, and/or any Franchisee Related Party's use of the Marks; (b) the covenants under Article 18 of this Agreement, including your covenants not to compete and confidentiality covenants; (c) your obligations upon termination or expiration of the franchise; (d) and/or transfer or assignment of you or the Franchised Business. If 1000° DPFC secures any such injunction or order of specific performance, you agree to pay to 1000° DPFC an amount equal to the aggregate of 1000° DPFC's costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, travel and living expenses and any damages incurred by 1000° DPFC as a result of the breach of any such provision.

24.4.2 Further, at the election of 1000° DPFC, or its affiliate, the mediation and arbitration provisions of Sections 24.2 and 24.3, inclusive of all subparts, shall not apply to: (a) any claim by 1000° DPFC relating to your failure to pay any fee due to 1000° DPFC under this Agreement; (b) any claim by 1000° DPFC relating to your failure to comply with the covenants set forth in Article 18 of this Agreement; and/or (b) any claim by 1000° DPFC or its affiliate relating to use of the Proprietary Marks and/or the System, including, without limitation, claims for violations of the Lanham Act.

24.5 Survival. The provisions of Article 24 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

24.6 Franchisee May Not Withhold Payment Due 1000° DPFC. You agree that you will not, on grounds of the alleged non-performance by 1000° DPFC of any of its obligations hereunder, or on any other grounds, withhold payment of any Royalty Fees, Advertising Fees or any other fees due to 1000° DPFC from you under this Agreement.

24.7 Waiver of Rights. THE PARTIES HERETO AND EACH OF THEM KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREE AS FOLLOWS:

24.7.1 Jury Trial. **The parties hereto and each of them EXPRESSLY WAIVE(S) THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN ANY ARBITRATION, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, FOR ANY CLAIMS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NEGOTIATION OF THIS AGREEMENT, THE EVENTS LEADING UP TO THE SIGNING OF THIS AGREEMENT, OR THE BUSINESS RELATIONSHIP RELATING TO THIS AGREEMENT OR THE FRANCHISE, WHETHER BROUGHT IN STATE OR FEDERAL COURT, WHETHER BASED IN CONTRACT THEORY, NEGLIGENCE OR TORT, AND REGARDLESS OF WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. This waiver is effective even if a court of competent jurisdiction decides that the arbitration provision in Section 24.3 is unenforceable. Each party acknowledges that it has had full opportunity to**

consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.

24.7.2 Damage Waiver. The parties hereto and each of them EXPRESSLY WAIVE(S) ANY CLAIM FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES; ***except that*** this waiver and limitation shall not apply with respect to (a) your obligation to indemnify 1000° DPFC pursuant to any provision of this Agreement, and/or (b) any claims 1000° DPFC brings against you and/or your guarantors and/or Owners for unauthorized use of the Marks, unauthorized use or disclosure of any Confidential Information, unfair competition, breach of your covenants under Article 18, including your in-term and post-term non-competition covenants, and/or any cause of action under the Lanham Act, and 1000° DPFC shall be entitled to receive an award of multiple damages, attorneys' fees and all damages as provided by law.

24.7.3 The parties hereto and each of them EXPRESSLY AGREE(S) THAT IN THE EVENT OF ANY FINAL DETERMINATION, ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY ARBITRATION OR OTHER FORUM SHALL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, except that 1000° DPFC may recover more than two (2) times its actual damages if you commit acts of willful trademark infringement or otherwise violate the Lanham Act, as provided by law.

~~24.7.4 You hereby expressly waive any and all rights, actions or claims for relief under the Federal Act entitled "Racketeer Influenced and Corrupt Organizations", 18 U.S.C. Section 1961, *et seq.*~~

24.8 Limitation of Action.

24.8.1 Except for claims arising from your non-payment or underpayment of amounts you owe to 1000° DPFC, or claims related to your unauthorized use of the Marks, any and all claims arising out of or related to this Agreement or the relationship of the parties will be barred unless a judicial or arbitration proceeding, as required under this Agreement, is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims, and that any action not so brought shall be barred, whether as a claim, counterclaim, defense or setoff.

24.8.2 You hereby acknowledge and agree that you may not maintain any action against 1000° DPFC or any 1000° DPFC Related Party unless (a) you deliver written notice of any claim to the other party within one hundred eighty (180) days after the event complained of becomes known to you, (b) you strictly adhere to the negotiation and mediation procedures described in Article 24, and (c) you file an arbitration within one (1) year after the notice is delivered.

24.9 Cumulative Rights. No right or remedy conferred upon or reserved to 1000° DPFC or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

24.10 Injunctive Relief. You recognize that you are a member of a franchise system and that your acts and omissions may have a positive or negative effect on the success of other businesses operating under the Proprietary Marks and in association with the System. You acknowledge that failure on the part of a single franchisee to comply with the terms of its franchise agreement is likely to cause irreparable damage to 1000° DPFC and to some or all of the other franchisees of 1000° DPFC. For this reason, You agree that if 1000° DPFC can demonstrate to a court of competent jurisdiction that there is a substantial likelihood of your breach or threatened breach of any of the terms of this Agreement, 1000° DPFC will be entitled to an injunction restraining the breach or to a decree of specific performance, without showing or proving any actual damage. Without limiting the generality of the foregoing, nothing herein contained shall bar 1000° DPFC's right to obtain injunctive relief, without posting bond or security, against conduct or threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders, preliminary and permanent injunctions, and orders of specific performance enforcing the provisions of this Agreement. Additionally, and without limiting the generality of the foregoing, 1000° DPFC shall have the right to seek injunctive relief to prohibit any act or omission by you or your employees that constitute a violation of any applicable law, is dishonest or misleading to the public, or which may impair the goodwill associated with the Proprietary Marks, Trade Dress or System.

24.11 No Class or Collective Actions. You agree that any arbitration, or, if applicable, litigation, between you and/or any Franchisee Related Party, on the one hand, and 1000° DPFC and/or any 1000° DPFC Related Party, on the other hand, will be on such party's individual claim and that the claim or claims subject to arbitration and/or litigation shall not be arbitrated or litigated on a class-wide, associational or collective basis.

24.12 Post-Term Applicability. The provisions of ARTICLE 24 shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, however effected.

24.13 Costs and Attorneys' Fee. 1000° DPFC shall be entitled to recover from you all of 1000° DPFC's costs and expenses, including attorneys' fees, accounting fees, expert witness fees, and any other reasonably incurred fees, if 1000° DPFC is the prevailing party in any action, including arbitration, litigation, any motion to compel arbitration, and/or any action on appeal, with you and/or any of your Owners or Guarantors, including, without limitation, any action (a) to enforce the terms of this Agreement, (b) for violation of this Agreement, (c) for violation of the Lanham Act or other state statute. Without limiting the generality of the foregoing, if 1000° DPFC incurs costs and expenses due to Franchisee's failure to pay when due amounts owed to 1000° DPFC or its affiliates, to submit when due any reports, information, or supporting records, or otherwise comply with this Agreement, Franchisee agrees, whether or not 1000° DPFC initiates a formal arbitration or legal proceeding, to reimburse 1000° DPFC for all of the costs and expenses that 1000° DPFC incurs including, without limitation, reasonable accounting, attorneys' and related fees and costs.

ARTICLE 25. ENTIRE AGREEMENT; ACKNOWLEDGMENTS; MISCELLANEOUS

25.1 Acknowledgments.

25.1.1 Independent Investigation. You acknowledge that you have conducted an independent investigation of the Franchised Business, and recognize that, like any other business, the business venture contemplated by this Agreement involves business risks. Your success in this business is not guaranteed, is speculative and depends, to an important extent, upon your ability as an independent businessperson. 1000° DPFC does not represent or warrant that the Restaurant will achieve a certain level of sales or be profitable, notwithstanding 1000° DPFC's grant of this license or approval of the Approved Restaurant Location. 1000° DPFC expressly disclaims the making of, and you acknowledge that you have not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement. By signing this Agreement, you acknowledge that you have entered into it after making an independent investigation of the System.

25.1.2 FDD Acknowledgment. You acknowledge that you received 1000° DPFC's Franchise Disclosure Document (the "FDD") at least 14 calendar days prior to the date on which this Agreement was executed and that you have read the FDD. You acknowledge that the FDD is a disclosure document, not a contract, and that this Agreement embodies the entire contractual agreement between the parties.

25.1.3 Consultation with Business Advisor. You acknowledge that you have read and understood this Agreement, the attachments hereto and all agreements relating thereto, if any. You acknowledge that 1000° DPFC has accorded you ample time and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement. You further acknowledge that 1000° DPFC has advised you to seek franchise counsel to review and evaluate this Agreement.

25.1.4 No Reliance. You acknowledge that you are relying solely on 1000° DPFC and not on any affiliated entity or parent company related to 1000° DPFC with regard to 1000° DPFC's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing 1000° DPFC has made any statements or promises to the effect that any affiliated entities or parent companies guarantee 1000° DPFC's performance or financially back 1000° DPFC.

25.1.5 No Guarantee of Performance. You understand that neither 1000° DPFC, nor any of 1000° DPFC's representatives and/or agents with whom you have met have made, and are not making, any guarantees, express or implied, as to whether or not the Franchised Business will break even, be successful or profitable. You acknowledge that ~~the *1000° Degrees Pizzeria®*~~this franchise opportunity is a newly offered opportunity with no track record or operating history, other than as expressly disclosed in the FDD. You accept all risks, including the risk of loss of your entire investment. You acknowledge that neither 1000° DPFC nor any of its representatives and/or agents with whom you have met or corresponded with, have, in any way, represented or promised any specific amounts of earnings or profits in association with your Franchised Restaurant or any other Restaurant. You further understand, acknowledge and agree that any information you obtain from any System franchisee, including relating to their sales, profit, cash flows, and/or expenses, does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information.

25.1.6 <u>No Personal Liability.</u> You agree that fulfillment of any and all of 1000° DPFC's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be 1000° DPFC's sole responsibility and none of its agents, representatives, nor any individuals associated with it shall be personally liable to you for any reason.

25.2 <u>Anti-Terrorist Activities and Representations</u>. You acknowledge that it is 1000° DPFC's intent to comply with all anti-terrorism laws enacted by the U.S. Government, including, without limitation, the USA PATRIOT ACT or Executive Order 13324. You acknowledge that you are not now, nor have you ever been, a suspected terrorist or otherwise associated directly or indirectly with terrorist activity. At any time during the Term of this Agreement, if 1000° DPFC is prohibited fro doing business with you under any anti-terrorism law enacted by the U.S. Government, then this Agreement may be terminated immediately. You further certify and warrant that neither you, nor any of your owners, principals, employees or associates (including all shareholders, members or partners (as applicable)), are (i) a person or entity designated by the U.S. Government on the list of the Specially Designated Nationals and Blocked Persons (the "SDN List"), as maintained by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") at http://www.ustreas.gov/offices/enforcement/ofac/sdn, with which a U.S. person or entity cannot deal with or otherwise engage in business transactions; (ii) a person or entity who is otherwise the target of U.S. economic sanctions and trade embargoes enforced and administered by OFAC, such that a U.S. person or entity cannot deal or otherwise engage in business transactions with you or your shareholders, members or partners; (iii) either wholly or partly owned or partly controlled by any person or entity on the SDN List, including, without limitation by virtue of such person being a director or owning voting shares or interests in an entity on the SDN List; (iv) a person or entity acting, directly or indirectly, for or on behalf of any person or entity on the SDN List; or (v) a person or entity acting, directly or indirectly, for or on behalf of a foreign government that is the target of the OFAC sanctions regulations such that the entry into this Agreement would be prohibited under U.S. law.

25.2.1 You shall comply with, and assist 1000° DPFC to the fullest extent possible in 1000° DPFC's efforts to comply with, the Anti-Terrorism Laws (as defined below). You shall not hire nor have any dealings with any person listed on the SDN List, as it may be modified from time to time. You are solely responsible for ascertaining what actions must be taken by you to comply with all Anti-Terrorism Laws. You specifically acknowledge and agree that your indemnification obligations under this Agreement pertain to your obligations under this Section 25.2. Any misrepresentation by you under this Section 25.2, or any violation of any Anti-Terrorism Laws by you, your owners, principals or employees, shall constitute grounds for immediate termination of this Agreement and any other agreement you have entered into with 1000° DPFC or its affiliates. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT ACT, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, The

United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

25.3 Representation. You represent to 1000° DPFC, as an inducement to 1000° DPFC's entry into this Agreement, that all statements you have made and all materials you have submitted to 1000° DPFC in connection with your purchase of this franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. 1000° DPFC has approved of your purchasing of a franchise in reliance upon all of your representations.

25.4 Entire Agreement. This Agreement, inclusive of all exhibits hereto, constitutes the entire, full and complete agreement and understanding between the parties and supersedes any and all prior agreements, no other representations, promises, warranties or agreements have induced you to execute this Agreement with 1000° DPFC. Both parties acknowledge and agree that there are no oral or written representations, promises, assurances, warranties, covenants, "side-deals", rights of first refusal, options or understandings other than those expressly contained in this Agreement. This Agreement supersedes all prior agreements, no other representations, promises, warranties, assurances, covenants, "side deals", rights of first refusal, options or understandings having induced you to execute this Agreement. The Parties agree that, in entering into this Agreement, they are each relying on their own judgment, belief and knowledge as to any claims and further acknowledge that no promise, inducement or agreement or any representations and warranties not expressed herein have been made to procure their agreement hereto. The parties further acknowledge that they have read, fully understand and fully agreed to the terms of this Agreement. Except for those permitted to be made unilaterally by 1000° DPFC hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the representations 1000° DPFC made in the franchise disclosure document 1000° DPFC furnished to you.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement on the day and year first above written.

1000° Degrees Pizzeria Franchise, Inc.

By:____
Print Name:__________________________________
Title:_______________________________________

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION. THIS AGREEMENT CONTAINS EXPRESS WAIVERS OF (A) ANY AND ALL RIGHTS TO A JURY TRIAL, (B) ANY AND ALL RIGHTS TO PARTICIPATE IN CLASS ACTION ARIBTRATION AND/OR LAWSUITS, (C) YOUR RIGHT TO OBTAIN PUNITIVE, MULTIPLE OR EXEMPLARY DAMAGES, AND (D) YOUR RIGHT TO BRING ANY

CLAIM OR ACTION LATER THAN ONE YEAR AFTER THE DISCOVERY OF THE FACTS GIVING RISE TO SUCH CLAIMS OR ACTIONS.

FRANCHISEE:

________________________________	By:____
WITNESS	Print Name:_________________________________

EXHIBIT A TO

1000° Degrees Pizzeria Franchise, Inc. FRANCHISE AGREEMENT

CONTRACT DATA SHEET

1. **Effective Date**: ______________________________

2. **Approved Restaurant Location**: The Franchised Restaurant will be located at (check (a) or (b), as applicable):

a. ______________________________
(Street Address, City, State and Zip Code)

b. The Approved Restaurant Location has not been determined as of the Effective Date of this Agreement. Franchisee shall secure the Approved Restaurant Location in accordance with the terms and conditions of the Franchise Agreement within the general area described as follows (the "Designated Area"):

____
(Indicate City, County or Area within which the Franchised Restaurant shall be located.)

If (b) above is selected, the parties shall amend this Contract Data Sheet to reflect the address of the Restaurant and the Protected Territory, once the Approved Restaurant Location is secured by Franchisee in accordance with the terms of the Franchise Agreement.

3. **Protected Territory**. The Protected Territory shall be comprised of ~~the following~~an area~~:~~ that encompasses a _________ mile drivable distance from your Approved Restaurant Location, as determined on the date your Approved Restaurant Location is approved. Franchisor will determine the Protected Territory using the mapping service and/or software of its choice.

4. **Initial Franchise Fee**. $ ~~______~~29,500.00

5. **Continuing Advertising Fee**. ~~1.75~~2% of Gross Sales

Initial Allocation:

Brand Ad Fund: ~~1.75~~2%

Regional Ad Fund: ______________

Local Marketing Purposes: ______________

6. **Grand Opening Advertising Expenditure Requirement**.$____________

7. **Franchisee Information**. (Check and complete as appropriate.)

a. The following individual(s) is the Franchisee: ______________________

____

Address:____

Telephone Number:____

b. The Franchisee is the following corporation:

Name:____

State of Incorporation:____

Shareholder Name (each an "Owner")	Shareholder Address & Telephone Number	Number of Shares

List of all Officers & Directors:________________________________

____

Telephone Number: ____

c. The Franchisee is the following limited liability company:

Name:____

State of Formation:____

Member Name (each an "Owner")	Member Address & Telephone Number	Percentage Ownership Interest

List of all Managers & Officers:__________________________________

____

Telephone Number: ____

EXHIBIT B TO
1000° Degrees Pizzeria Franchise, Inc. FRANCHISE AGREEMENT
PERSONAL GUARANTEE

RECITALS

A. The undersigned, [INSERT NAME] (hereinafter, the "undersigned" or "Guarantor") constitute all shareholders, members, partners, or other persons or entities interested in effecting the grant or transfer of the **1000° Degrees Pizzeria Franchise, Inc.** Franchise Agreement (the "Franchise Agreement") by **1000° Degrees Pizzeria Franchise, Inc.** ("Franchisor") to ______________________________ ("Franchisee");

B. Franchisor is relying on this Guarantee to ensure that there are sufficient assets to operate the franchised business and to protect Franchisor in the event Franchisee commits a default under the Franchise Agreement;

C. Franchisor is only willing to enter into the Franchise Agreement if the undersigned personally guarantee Franchisee's obligations thereunder;

1. The undersigned hereby represent and warrant that they constitute [*check all that apply*]:

☐ the shareholders of one hundred percent (100%) of the originally issued and outstanding capital stock of Franchisee, a corporation;

☐ one hundred percent (100%) of the members of Franchisee, a limited liability company ("LLC");

☐ Franchisee's spouse and the spouses of all shareholders or members of Franchisee, as applicable.

2. The undersigned individuals personally, jointly and severally, hereby agree to be individually bound by all the terms and conditions of the Franchise Agreement, including any amendments thereto, whenever made, and absolutely, irrevocably and unconditionally guarantee to Franchisor, and its successors and assigns, that all of Franchisee's obligations under the Franchise Agreement will be punctually paid and performed.

3. The undersigned acknowledges and agrees that Franchisor has entered into the Franchise Agreement with Franchisee solely on the condition that each owner of Franchisee and each owner's spouse be personally obligated and jointly and severally liable with Franchisee (and with each other owner of Franchisee) for the performance of each and every obligation of Franchisee (and its owners) under the

Franchise Agreement, any amendments to the Franchise Agreement, any extensions or renewals under the agreement and under each and every agreement ancillary to the Franchise Agreement, including any lease that has been or hereafter may be entered by Franchisee and Franchisor (all aforementioned agreements are collectively referred to as the "*1000°* Agreements"). Without limiting the generality of the foregoing, the undersigned agree specifically to be bound by the confidentiality requirements and the covenant against competition in the Franchise Agreement.

4. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee.

5. This Guarantee is effective until all terms of the *1000°* Agreements have been fully and completely performed by Franchisee. No release of Franchisee or discharge of Franchisee under bankruptcy law, or any other law, shall impair or effect the obligations of Guarantor(s) to Franchisor hereunder.

6. Guarantor(s) jointly and severally agree(s) to pay all attorneys' fees, costs and expenses (including any and all Royalty Fees and Advertising Fees and associated interest on such amounts, that are determined to be owing to Franchisor due to underreporting by Franchisee) incurred by Franchisor in enforcing this Guarantee, whether or not suit or action is filed, and if suit or action is filed, then through trial and all appeals, and also in any proceedings or matter in Bankruptcy Court; Guarantor(s) assume all liability for all losses, costs, attorney's fees, and expenses that Franchisor incurs as a result of a default by Franchisee, including those fees and expenses incurred in a bankruptcy proceeding involving Franchisee.

7. The undersigned hereby waives:

(i) notice of amendment of the *1000°* Agreements and notice of demand for payment or performance by Franchisee of any obligation under the *1000°* Agreements;

(ii) presentment or protest of any instrument and notice thereof, and notice of default or intent to accelerate with respect to the indebtedness or nonperformance of any of Franchisee's obligations under the *1000°* Agreements;

(iii) any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability;

(iv) the defense of statute of limitations in any action hereunder or for the collection or performance of any obligation;

(v) any and all rights to payments, indemnities and claims for reimbursement or subrogation that the undersigned may have against Franchisee arising from the undersigned's execution of and performance under this Guarantee;

(vi) any defense based on any irregularity or defect in the creation of any of the obligations or modification of the terms and conditions of performance thereof;

(vii) any defense based on the failure of Franchisor or any other party to take, protect, perfect or preserve any right against and/or security granted by Franchisee or any other party; and

(viii) any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

8. Upon default by Franchisee or notice from Franchisor, the undersigned will immediately make each payment and perform each obligation required of Franchisee under the *1000°* Agreements. Without limiting the generality of the foregoing, the undersigned acknowledges that Franchisor is not required to proceed first against the Franchisee, but may proceed first against the undersigned or any of them alone or concurrent with proceeding against Franchisee. The obligations of Guarantor(s) hereunder are absolute and unconditional

9. Governing Law; Jurisdiction; Venue.

i. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. §1050 et seq.) or other federal law, this Guarantee and any claims related thereto, shall be governed by, interpreted and construed under the laws of the state of New Jersey, which laws shall prevail in the event of any conflict of law.

ii. The undersigned hereby acknowledge and agree that New Jersey shall be the sole and exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of, in connection with, or related to, either directly or indirectly, this Guaranty. The undersigned agrees that the undersigned are subject to personal jurisdiction in New Jersey, and, further agree that, in the event of litigation, they will not contest or challenge the *in personam* jurisdiction or venue in New Jersey. If and only if New Jersey lacks subject matter jurisdiction over any matter litigated under this Guarantee, then the appropriate state court located in Atlantic County, New Jersey shall be the venue and exclusive proper forum for such litigation. The undersigned agree that they are subject to personal jurisdiction in the state courts in Atlantic County, New Jersey and, in any litigation brought in any such court under this Guarantee, the parties agree that they will not contest or challenge the *in personam* jurisdiction or venue of the courts of Atlantic County, New Jersey. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision.

10. The undersigned hereby waive any right to trial by jury that they may have in any action brought by Franchisor related directly or indirectly to this Guarantee and/or the *1000°* Agreements, the negotiation of the Guarantee and/or the *1000°* Agreements.

11. If one or more provisions contained in this Guarantee shall be invalid, illegal or unenforceable, in any respect under the laws of any jurisdiction, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

12. Each of the undersigned acknowledges that (i) it is a condition to the granting of the Franchise Agreement to Franchisee that each of the undersigned shall execute and deliver this Guarantee to Franchisor, (ii) that Franchisor has entered into the Franchise Agreement with Franchisee in reliance upon the agreement of the undersigned to do so, and (iii) that, as owners of the Franchisee, the undersigned have received adequate consideration to support their execution of this Guarantee. This Guarantee does not grant or create in the undersigned any interests, rights or privileges in the *1000°* Agreements, or any franchise or franchise agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee as of the date of the Agreement.

GUARANTORS:

Date:____________________ By: ____
Print Name:____________________, an individual

Date:____________________ By: ____
Print Name:____________________, an individual

EXHIBIT C TO
1000° Degrees Pizzeria Franchise, Inc. FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

THIS COLLATERAL ASSIGNMENT OF LEASE is made as of the last date below written by and among ___________________________ ("Tenant"), 1000° Degrees Pizzeria Franchise, Inc. ("Franchisor"), and ___________________________ ("Landlord").

WHEREAS, Tenant is the tenant under a certain lease (or sublease), dated ________ (the "Lease"), wherein Landlord leased to Tenant certain premises at _________________________________ (the "Premises"); and

WHEREAS, Tenant and Franchisor have, or will, enter into a Franchise Agreement (the "Franchise Agreement"), whereby Franchisor will grant to Tenant the right to open and operate a ~~1000° Degrees Pizzeria™~~franchised restaurant under Franchisor's system at the Premises; and

WHEREAS, as a condition to Franchisor entering into the Franchise Agreement, Franchisor has required that Tenant assign its right, title and interest in the Lease, with the right to reassign (as provided therein), as security for Tenant's obligations and Franchisor's rights under the Franchise Agreement; and

WHEREAS, in order to induce Franchisor to enter into the Franchise Agreement, Tenant has agreed to assign its right, title and interest in the Lease, with the right to reassign (as provided therein), as security for Tenant's obligations and Franchisor's rights under the Franchise Agreement.

NOW THEREFORE, in consideration for the foregoing premises and the mutual promises contained herein and in the Franchise Agreement, and in order to secure Tenant's obligations and Franchisor's rights under the Franchise Agreement, Tenant does hereby collaterally assign, transfer and set over unto Franchisor, with the right to reassign (as provided herein), all of its right, title and interest in and to the Lease and in and to the Premises; it being nevertheless expressly understood and agreed that this assignment is made and is consented to by the Landlord contingent upon the following terms, covenants, limitations and conditions:

1. Tenant's Right to Possession. Tenant shall retain right to possession of the Premises in accordance with the terms and conditions of the Lease until the occurrence of an Assignment Event (as defined in paragraph 2 of this Agreement).

2. Assignment Events.

2.1 Franchisor shall have the right to exercise either of the options set forth in paragraphs 2.1(i) or 2.1(ii) below upon: (a) Franchisor's declaration of a default by Tenant under the Franchise Agreement which remains uncured beyond all applicable notice and cure periods; (b) the expiration or earlier termination of the Franchise Agreement; or (c) an expression by Tenant of its desire to terminate the Lease (each an "Assignment Event"). Upon the occurrence of an Assignment Event, Franchisor shall have the option to either:

(i) assume and occupy the Premises upon written notice to Landlord and Tenant, in which event Franchisor shall be deemed to be substituted as the tenant under the Lease in the place and stead of Tenant and shall be deemed to have assumed expressly all of the terms, covenants and obligations of the Lease theretofore applicable to Tenant and shall likewise be entitled to enjoy all of the rights and privileges granted to Tenant under the terms and conditions of the Lease; or

(ii) assign the Lease to an affiliate or an approved ~~*1000° Degrees Pizzeria™*~~System franchisee, without obtaining Landlord's prior written consent, provided that, in the event of an assignment to a franchisee, such franchisee: (i) has a net worth equal to or greater than the net worth of Tenant at the time of Lease execution; (ii) assumes all of Tenant's obligations under the Lease; and (iii) completes Franchisor's initial training program to Franchisor's satisfaction.

2.2 If Franchisor exercises either of the rights set forth in paragraphs 2.1(i) or 2.1(ii) above, Tenant shall remain obligated under the Lease and Tenant shall be liable to Franchisor for all payments by Franchisor for rent and other Lease obligations. The parties acknowledge that such payments are reasonable expenses of foreclosure.

2.3 If Franchisor exercises either of the rights set forth in paragraphs 2.1(i) or 2.1(ii) above, Landlord shall not terminate or accelerate the rent owed under the Lease in connection with any such assignment, so long as Franchisor, or its franchisee, assumes, in writing, the obligations of Tenant under the Lease. Nothing in this Paragraph 2.3 shall serve to extend the term of the Lease or provide Franchisor with occupancy rights, options to renew or other rights not expressly set forth to Tenant in the Lease.

3. Agreement of Landlord.

3.1 Landlord agrees to furnish Franchisor with copies of any and all letters and notices to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant.

3.2 Landlord further agrees that, if it intends to terminate the Lease, Landlord will give Franchisor the same advance written notice of such intent as provided to Tenant, specifying in such notice all defaults that are the cause of any proposed termination. Franchisor shall have the right to cure, at its sole option, any such default within the time periods granted to Tenant under the Lease.

3.3 If neither Tenant or Franchisor cures all such defaults within the prescribed time periods (or such longer period as may be specifically permitted by the Lease), then the Landlord may terminate the Lease, re-enter the Premises and/or exercise all other rights as set forth in the Lease. Landlord will promptly notify Franchisor of any expression by Tenant of its desire to terminate the Lease.

4. Right to Enter and Make Modifications to Premises. Before the expiration or termination of the Lease, Franchisor shall have the right to enter the Premises to make any reasonable modifications or reasonable alterations necessary to protect Franchisor's interest in the ~~*1000° Degrees Pizzeria™*~~ franchise system, Franchisor's proprietary marks and system, or to cure any default under the Franchise Agreement entered into by Franchisor and Tenant, or any affiliate of Tenant. Landlord and Tenant agree that Franchisor shall not be liable for trespass or any other crimes or tort.

5. Notices. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex (provide that the sender confirm the facsimile, telegram or telex by sending an original confirmation copy by certified transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If to Franchisor:
1000° Degrees Pizzeria Franchise, Inc.

With a copy to:

If to Tenant:

If to Landlord:

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by telex or facsimile shall be deemed given on the business day of transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties.

6. No Material Modification of Lease. Landlord and Tenant will not amend, renew, extend or otherwise modify the Lease in any manner which would materially affect any of the foregoing provisions without Franchisor's prior written consent.

7. Acknowledgment. The parties hereby acknowledge and agree that, so long as Franchisor shall not have exercised its option to take possession of the Premises under this Agreement, Franchisor shall not be liable for rent or any other obligations under the Lease.

~~[*The next page is the signature page.*]~~

IN WITNESS WHEREOF, the parties hereto have executed this Collateral Assignment of Lease this _______ day of ______________, _____.

ASSIGNOR:

_________________________________ By:____________________________________

WITNESS Print Name:____________________________

Title:__________________________________

FRANCHISOR:
1000° Degrees Pizzeria Franchise, Inc.

_________________________________ By:____________________________________

WITNESS Print Name:____________________________

Title:__________________________________

LANDLORD:

_________________________________ By:____________________________________

WITNESS Print Name:____________________________

Title:__________________________________

EXHIBIT D TO
1000° Degrees Pizzeria Franchise, Inc. FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

This Conditional Assignment of Telephone Numbers and Listings (the "Assignment") is entered into this _____ day of ______________, 20___ ("Effective Date") in accordance with the terms of the Franchise Agreement ("Franchise Agreement") between 1000° Degrees Pizzeria Franchise, Inc. ("Franchisor") and ____________________________________ ("Franchisee"), executed concurrently with this Assignment and under which Franchisor granted Franchisee the right to own and operate a *1000º Degrees ~~Pizzeria™~~Neapolitan Pizza®* Restaurant located at ___________________________ (the "Restaurant").

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, Franchisee hereby agrees as follows:

1. Conditional Assignment of Listings. Franchisee hereby conditionally assigns to Franchisor all of Franchisee's right, title and interest in and to (a) all telephone numbers and regular yellow pages, special, classified and other telephone directory listings used at any time in connection with the operation of the Restaurant; and (b) any and all website and social media addresses and accounts, including, without limitation, facebook®, Twitter®; LinkedIn®, and any other account that contains any term or any mark the same as or similar to any of Franchisor's trademarks (individually and collectively, the "Listings").

2. No Liability. This Assignment is for collateral purposes only, and except as expressly provided herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless and until Franchisor notifies the telephone company, listing agency and/or webmaster/webhost (each a "Listing Agency"), as applicable.

3. Effectiveness of Assignment. This Assignment will become effective automatically upon expiration (provided that Franchisee has not obtained a Successor Franchise Agreement) or the earlier termination of the Franchise Agreement. Upon the occurrence of that condition, Franchisee must do all things required by the applicable Listing Agency to assure the effectiveness of the assignment set forth herein as if the Franchisor had been originally issued the Listings, and the usage thereof.

4. Responsibility of Franchisee. Franchisee agrees to pay the Listing Agencies on or before the effective date of assignment all amounts owed for the use of Listing(s). Franchisee further agrees to indemnify Franchisor for any sums Franchisor must pay any Listing Agency to effectuate this assignment, and agrees to fully cooperate with the Listing Agency and Franchisor in effectuating this assignment.

5. Franchisee Acknowledgments. Franchisee agrees and acknowledges that as between Franchisor and Franchisee, Franchisor shall have the sole right to and interest in and to the Listings upon termination or expiration of the Franchise Agreement. Franchisee appoints Franchisor as Franchisee's true and lawful attorney-in-fact to direct the Listing Agency to assign same to Franchisor and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event Franchisee shall immediately instruct the applicable Listing Agency to assign the applicable Listing to Franchisor, and /or to assign the Listing account to Franchisor. If Franchisee fails to promptly do so, Franchisor shall direct the appropriate parties to effectuate the assignment contemplated hereunder to Franchisor.

6. Attorney in Fact. The parties agree that the Listing Agency may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Listings and that such assignment shall be made automatically and effective immediately upon the Listing Agency's receipt of notice from Franchisor or Franchisee. The parties further agree that if the Listing Agency requires that the parties execute an assignment form or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Assignment as of the date of the Franchise Agreement.

ASSIGNOR:

By:____________________________________
Print Name: ____________________________
Title:__________________________________

ASSIGNEE:
1000° Degrees Pizzeria Franchise, Inc.

By:____________________________________
Print Name: ____________________________
Title:__________________________________

EXHIBIT E TO
1000° Degrees Pizzeria Franchise, Inc. FRANCHISE AGREEMENT

[To be completed if Franchisee signs the Franchise Agreement as individual and subsequently forms legal entity to operate the Franchised Restaurant.]

ASSIGNMENT & ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Assignment") is made and entered into this _____ day of ____________, _______, by and between 1000° Degrees Pizzeria Franchise, Inc. ("Franchisor"), **[insert name of individual franchisee]** ("Assignor") and **[insert name of corporation or limited liability company]**, an entity owned and controlled by Assignor with an address at ____.

BACKGROUND

A. Franchisor and Assignor entered into a certain Franchise Agreement dated **[insert date of Franchise Agreement]** (the "Franchise Agreement") whereby Assignor was granted the right and undertook the obligation to operate a *1000º Degrees ~~Pizzeria~~Neapolitan Pizza®* restaurant at the location identified in the Franchise Agreement (the "Franchised Business");

B. Assignor has formed Assignee for the convenience and purpose of owning and operating the Franchised Business;

C. Assignor desires to assign his or her rights and obligations under the Franchise Agreement to Assignee pursuant to and in accordance with the provisions of the Franchise Agreement; and

D. Franchisor is willing to consent to the assignment of the Franchise Agreement to Assignee, subject to the terms and conditions of this Assignment, including without limitation, Assignor's agreement to guarantee the performance by Assignee of its obligations under the Franchise Agreement and to continue to be bound by all of the provisions of the Franchise Agreement.

AGREEMENT

In consideration of the mutual covenants contained in this Assignment, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Assignor hereby assigns and transfers over to Assignee all of his or her rights, title and interest in and to the Franchise Agreement, effective as of the date of this Assignment.

2. Assignee hereby assumes all of Assignor's obligations, assignments, commitments, duties and liabilities under the Franchise Agreement, and agrees to be bound by and observe and faithfully perform all of the obligations, assignments, commitments and duties of the franchisee under the Franchise Agreement with the same force and effect as if the Franchise Agreement were originally written with Assignee as franchisee.

3. Assignor agrees that Assignor shall continue to be bound by all of the terms and conditions of the Franchise Agreement, including, without limitation, all non-competition, confidentiality and indemnification obligations, and that nothing contained in this Assignment herein shall be deemed to relieve Assignor of any of Assignor's obligations contained in the Franchise Agreement. Assignor further agrees to, and by this instrument does hereby, guarantee the performance by Assignee of all of its obligations, commitments, duties and liabilities under the Franchise Agreement.

3.1 Without limiting the foregoing, Assignor irrevocably and unconditionally guarantees to Franchisor (i) that Assignee will pay all amounts to be paid and otherwise comply with all provisions of the Franchise Agreement and any other agreement between Assignor and Franchisor or its affiliates concerning the operation of the Franchised Business, and (ii) that if Assignee defaults in making any such payments or complying with any such provisions, Assignor shall pay forthwith upon demand all amounts due and owing Franchisor and all damages that may arise as a result of any such non-compliance.

4. In the enforcement of any of its rights against Assignor, Franchisor may proceed as if Assignor was the primary obligor under the Franchise Agreement. Assignor waives any right to require Franchisor to first proceed against Assignee or to proceed against or exhaust any security (if any) held by Franchisor or to pursue any other remedy available to it before proceeding against Assignor. No dealing between Franchisor and Assignee shall exonerate, release, discharge or in any way reduce the obligations of Assignor hereunder, in whole or in part, and in particular and without limiting the generality of the foregoing, Franchisor may modify or amend the Franchise Agreement, grant any indulgence, release, postponement or extension of time, waive any term or condition of the Franchise Agreement, or any obligation of Assignee, take or release any securities or other guarantees for the performance by Assignee of any of its obligations, and otherwise deal with Assignee as Franchisor may see fit without affecting, lessening or limiting in any way the liability of Assignor. Notwithstanding any assignment for the general benefit of creditors or any bankruptcy or other act of insolvency by Assignee and notwithstanding any rejection, disaffirmance or disclaimer of this Assignment or the Franchise Agreement, Assignor shall continue to be fully liable.

5. This Assignment is entered into in the State of New Jersey and shall be construed and interpreted in accordance with its laws, which laws shall control in the event of any conflict of law.

6. This Assignment shall be binding and inure to the benefit of the parties and their respective heirs, successors and assigns.

7. Assignor and Assignee acknowledge and agree that they are bound by the dispute resolution provisions of the Franchise Agreement. Assignor and Assignee further agree that they have and will continue to have a substantial relationship with Franchisor at its offices in Atlantic County, New Jersey and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction as set forth below, any action by or against them arising out of or relating to this Assignment shall be commenced, litigated and concluded only in any state or federal court of general jurisdiction in the State of New Jersey. Assignor and Assignee agree that New Jersey represents the most convenient forum for the parties to litigate any disputes between them. Accordingly, Assignor and Assignee irrevocably submit to the jurisdiction of such court and waive any objection they may have to either the jurisdiction or venue of such court. Assignor and Assignee further waive any objection that such court is an inconvenient forum. Franchisor shall have the option, at its sole discretion, of bringing any action seeking equitable relief to enforce the terms of this Assignment in any court of competent jurisdiction in order to prevent real or threatened harm, and Assignor and Assignee consent to the entry of injunctive relief, including, without limitation, temporary retraining orders and/or preliminary and permanent injunctions without the requirement of bond, according to the usual equity rules in the jurisdiction in which such relief is sought.

8. The Franchise Agreement, including all Exhibits and Amendments thereto, and this Assignment shall constitute the entire integrated assignment between the parties with respect to the subject matter contained herein and shall not be subject to change, modification, amendment or addition without the express written consent of all the parties.

9. In the event that it becomes necessary for Franchisor to retain the services of legal counsel to enforce the terms of this Assignment, Franchisor shall be entitled to recover all costs and expenses, including reasonable attorneys', expert and investigative fees, incurred in enforcing the terms of this Assignment.

10. Each party declares that the terms of this Assignment have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain, and confer with counsel. This Assignment is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not contained in this Assignment.

11. The persons executing this Assignment on behalf of Assignee acknowledge their authority to do so.

12. The obligations of Assignor and Assignee under this Assignment are joint and several.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

~~[*The next page is the signature page.*]~~

IN WITNESS WHEREOF, the undersigned have affixed their signatures hereto as of the day and date first above written.

ASSIGNOR:

____________________ BY:____________________________
ATTEST Title:____________________________

ASSIGNEE:

____________________ BY:____________________________
ATTEST Title:____________________________

FRANCHISOR:
1000° Degrees Pizzeria Franchise, Inc.

By:____________________________
Print Name:______________________
Title:____________________________

EXHIBIT F TO
1000° Degrees Pizzeria Franchise, Inc. FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

(To be completed by Franchisee's trained employees, officers, directors, general partners, members and managers, as applicable)

In consideration of receiving an offer of employment from _____________ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be bound hereby, I hereby acknowledge and agree that:

1. 1000° Degrees Pizzeria Franchise, Inc. ("Franchisor") has developed and owns a unique and distinctive system ("System") relating to the establishment and operation of pizzeria restaurants offering pizza prepared to order and served quickly for dine-in, delivery or carry-out customers under ~~the mark~~Franchisor's designated marks, which may include *1000° Degrees Pizzeria~~™~~® or 1000 Degrees Neapolitan Pizza®* ("System Restaurants").

2. Franchisee has acquired the right and license from Franchisor to operate a System Restaurant using ~~the name~~Franchisor's designated marks, including *1000° Degrees Pizzeria~~™~~® and/or 1000 Degrees Neapolitan Pizza®* or such other name as designated by Franchisor (the "Restaurant") and the right to use in the operation of the Restaurant, Franchisor's trade names, trademarks and service marks (the "Proprietary Marks").

3. As part of your employment with Franchisee, not only will you be exposed to Confidential Information, as defined below, with regard to the operation of the Restaurant, but you will also become familiar with the unique System utilized by Franchisor with regard to the sale of the identified products in System Restaurants.

4. For purposes of this Agreement, "Confidential Information" means information, knowledge, know-how and techniques related to the Restaurant, Franchisor, Franchisee, the products Franchisee or Franchisor sells, the System Restaurants, the System, which is communicated to me or learned by me in the course of working for Franchisee, including, without limitation, information of a confidential and proprietary nature concerning the operations of Franchisee, or Franchisor, as well as any product pricing information provided to Franchisee by Franchisor or its suppliers and vendors.

4.1 Confidential Information shall not include any information that (i) is or becomes available to the public other than as a consequence of a breach by a person of any fiduciary duty or obligation of confidentiality, including, without limitation, catalogues, product descriptions and sales literature that Franchisor, Franchisee, or any franchisees or licensees of Franchisor or its affiliates have distributed to the public generally; or (ii) is disclosed as required by a final, unappealable court order and no suitable protective order, or equivalent remedy, is available, or (iii) I was aware of prior to its disclosure to me in the course and scope of my employment with Franchisee from a source not bound by a confidential obligation.

4.2 Because I am an employee of Franchisee, Franchisor and Franchisee may disclose the Confidential Information to me in furnishing to me a training program, in subsequent ongoing training, and for general assistance and instruction during my employment with Franchisee.

4.3 I will not acquire any interest in the Confidential Information, other than the right to utilize it in on behalf of Franchisee in its the operation of the Restaurant, and the use or duplication of the Confidential Information for any use other than on behalf of the Franchisee in its operation of the Restaurant, would constitute an unfair method of competition.

4.4 The Confidential Information is non-public, proprietary, involves trade secrets of the Franchisee and Franchisor and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in confidence all Confidential Information and all other information designated by Franchisee and/or Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties to Franchisee, and will continue not to disclose any such information even after I cease employment and will not use any Confidential Information even after I cease employment.

5. Non-Competition Covenants. Except as otherwise approved in writing by Franchisor and Franchisee or on behalf of or in connection with a System Restaurant, I shall not:

5.1 while in the employment of the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any Competing Business (as defined below); or

5.2 for a period of two years following the date on which I cease to be employed by Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own maintain, engage in, be employed by, or have any interest in any Competing Business, which business is located (a) at the Restaurant location; (b) within a 25 mile radius of the Restaurant location, or within a 25 mile radius of any other System Restaurant in existence or under construction as of the date I cease to be employed by Franchisee; or (c) anywhere in the state of New Jersey.

For purposes of this Agreement, the term "Competing Business" means any business operating, or granting franchises or licenses to others to operate, a restaurant or other food service business: (i) marketed as a pizza restaurant; and/or (ii) that offers or sells pizza.

I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor or Franchisee is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

6. Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement may cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

7. In the event of a dispute between the parties arising under this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs. Any controversy, claim or dispute arising out of or relating to this Agreement, either during the existence of the employment relationship or afterwards, between the parties hereto, shall be litigated solely in state or federal court in or for Atlantic County, New Jersey. Due to the importance of this Agreement to the Franchisee and Franchisor, I agree that any claim I have against the Franchisee or Franchisor is a separate matter, and does not entitle me to violate, or justify any violation of this Agreement, and must be raised in a separate lawsuit or claim.

8. This Agreement shall be construed under the laws of the State of New Jersey. The only way this Agreement can be changed is in writing signed by both the Franchisee and me and approved, in writing, by Franchisor.

[INSERT POSITION]

______________________________	______________________________
Witness	Name:__________________________

EXHIBIT G TO
1000° Degrees Pizzeria Franchise, Inc. FRANCHISE AGREEMENT
ELECTRONIC FUNDS TRANSFER FORM

Franchisee Name: ______________________________________ Restaurant #:________________
Address:____
Contact Name, Address, and Phone Number:
____
____

Employer Identification Number (if applicable): ____
Principal's Name and Social Security Number:____

Franchisee's Bank Account Information

Bank Name, Branch and Address:____
____
Bank Account Number:______________________________________
Bank Routing Number:______________________________________
Bank Phone Number:_______________________________________
Type of Account (Check One): _____Savings Account _____Checking Account

Payment Authorization:
Franchisee hereby authorizes 1000° Degrees Pizzeria Franchise, Inc. (hereinafter "Payee"), any financial institution acting on behalf of Payee (hereinafter "Payee's Bank"), and Franchisee's financial institution which is identified above (hereinafter "Franchisee's Bank") to initiate withdraws from the Bank Account indicated on this form, and hereby authorizes the Bank to honor and charge the Bank Account for electronic funds transfers or drafts drawn on the Bank Account and payable to Payee. The amount of such charge shall be set forth in a notice from the Payee presented to the Bank on the days(s) of the week set forth in the Franchise Agreement by and between Payee and Franchisee, and any other agreement Franchisee signs that authorizes Payee or its affiliate to debit Franchisee's account for the fees, which may be modified by Payee, for the payment of royalty fees, advertising fees, POS support fees, gift card program fees and funds flow, and any other fees, charges or debits payable to Payee or its affiliates for any services Payee provides or facilitates. Franchisee agrees to sign such additional documents as may be reasonably requested by Payee or the Bank to evidence the interest of this EFT Authorization. This authority shall remain in full force and effect until Payee has received written notification from Franchisee in such time and manner as to afford Payee and the Bank to act on such notice. Franchisee understands that the termination of this authorization does not relieve Franchisee of its obligations to make payments to Payee. Payee may assign its rights and obligations under this EFT Authorization to Payee's affiliates or agents. Payee may change its designated affiliates or agents at Payee's discretion.

The Franchisee acknowledges that Payee, Payee's Bank and Franchisee's Bank must comply with the National Automated Clearing House Association rules. Payee, Payee's Bank and Franchisee's Bank are authorized to make any necessary debits or credits to correct duplicate or erroneous entries. The Franchisee hereby agrees to hold Payee, Payee's Bank, Franchisee's Bank and their agents, successors and assigns harmless from all direct, indirect, special or consequential damages and/or all losses, costs, claims or expenses arising out of or related to the use of this automatic payment service.

This authorization is effective as of the date indicated below and shall remain in full force until the expiration or earlier termination of the Franchise Agreement. The automatic payment process is subject to modification or cancellation at any time by Payee without notice to the Franchisee. This agreement shall be governed by the laws of the State of New Jersey.

NOTE: A separate Authorization Agreement is required for each bank account, even if all accounts are within the same banking institution. Please attach a voided check or deposit slip to this authorization.

EXHIBIT H TO
1000° DEGREES PIZZERIA FRANCHISE, INC. FRANCHISE AGREEMENT

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is entered into, this ____ day of __________, ____ , by and between __________________________ at ____ (Debtor), and 1000° Degrees Pizzeria Franchise, Inc. (Secured Party), whose address is __________________.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Debtor grants to Secured Party a first priority security interest in all of the property owned by Debtor, as described in Schedule I and the Property presently located at or intended to be located at Debtor's restaurant located at: ________________________________
____
____
________________________________ (the Premises) and/or elsewhere and used and/or intended to be used and/or consumed in connection with the operation of a *1000º Degrees ~~Pizzeria™~~Neapolitan Pizza®* Restaurant at the Premises, together with all after-acquired property of the same general class and description and the proceeds of all property encumbered hereby (The Collateral).

TO SECURE:

(a) Performance of each agreement of Debtor contained in that certain Franchise Agreement between Debtor and Secured Party, dated ____________ (the Franchise Agreement); and

(b) The repayment of all sums and amounts that may be advanced or expended by Secured Party for the maintenance and preservation of the Collateral or any part thereof or the enforcement of any rights of Secured Party hereunder; and

(C) Performance of each agreement of Debtor contained herein.

DEBTOR WARRANTS AND AGREES:

1. Except for the security interest granted hereby, Debtor is the owner of the Collateral, free from any adverse lien, security interest or encumbrance, and Debtor will defend against all claims and demands of all persons at any time claiming the same or an interest therein.

2. No Financing Statement covering any of the Collateral or any proceeds thereof is on file in any public office. Debtor hereby authorizes Secured Party to execute, on behalf of both Debtor and Secured Party, one or more Financing Statements, pursuant to the Uniform Commercial Code, in form satisfactory to Secured Party, and to

file or record same in all public offices wherever filing or recording is deemed by Secured Party to be necessary or desirable and Debtor agrees to pay the cost of filing or recording the same.

3. To do all acts which may be necessary to maintain, preserve and protect the Collateral, not to commit or permit any waste thereof, and to maintain the Collateral in good order, repair and condition, reasonable wear and tear excepted.

4. Not to remove any of the Collateral from the Premises, except for the purpose of repair or replacement with other articles of substantially similar quality and value, which will not be subject to any lien, encumbrances or interests in others, except for purchase money security interests and the security interest granted hereby, and to permit Secured Party to inspect the Collateral at any time. Notwithstanding the above, Debtor may sell the inventory secured hereby in the ordinary course of its business.

5. Except as provided in Section 4 above, not to sell, assign, lease, encumber, or otherwise dispose of all or any of the Collateral without the prior written consent of Secured Party.

6. To pay before delinquency, all taxes, assessments and liens now or hereafter imposed on the Collateral, and to maintain in force at all times, fire and other insurance policies (including all risk, and earthquake insurance) on the Collateral.

7. If Debtor fails to make any payment or do any act as herein required, then Secured Party, without obligation to do so and without notice to or demand upon Debtor, may make such payments and do such acts as Secured Party may deem necessary to protect its security interest in the Collateral, Secured Party being hereby authorized (without limiting the general nature of the authority hereinabove conferred) to take possession of the Collateral or any part thereof and to pay, purchase, contest or compromise any security interest, encumbrance, charge or lien which, in the judgment of Secured Party, appears to be prior or superior to or to jeopardize the security interest granted hereby, and in exercising any such powers and authority to incur necessary expenses, including attorneys' fees. Debtor hereby agrees to repay immediately and without demand all sums expended by Secured Party pursuant to the provisions of this paragraph.

8. Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions:

(a) Default by Debtor in the payment of any or all of the indebtedness, obligations or liabilities secured hereby beyond the applicable cure periods, or failure by Debtor to perform any agreement herein contained or secured hereby.

9. Upon any such default, Secured Party, at its option, without demand upon or notice to Debtor, may declare all indebtednesses, obligations and liabilities secured hereby to be immediately due and payable, and Secured Party shall have all the rights and remedies provided a secured party under the Uniform Commercial Code and may proceed to foreclose the security interest created hereby according to law, and may, at its option, and it is hereby empowered, with or without foreclosure action, to enter upon the Premises or any other premises where the Collateral or any part thereof may be and take possession

thereof and remove the Collateral or any part thereof. In addition, Secured Party may require and Debtor agrees to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonable convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private or other intended disposition is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown above at least ten (10) days before the time of the sale or disposition. The Collateral may be sold in one or more lots and at one or more sales, which may be held on different days and need not be held within view of the Collateral being sold. Secured Party shall deduct and retain from the proceeds of such sale or sales all costs and expenses paid or incurred in the taking, removal, holding, preparing for sale or sales of the Collateral, including any reasonable attorneys' fees and legal expenses incurred or paid by Secured Party; the balance of the proceeds shall be applied by Secured party upon the indebtednesses, obligations and liabilities secured hereby, in such order and manner as Secured Party may determine, and the surplus, if any, shall be paid to Debtor or to the person or persons lawfully entitled to receive the same.

(a) Secured Party, at its option, shall have the right to commence any action or proceeding against a third party or appear in or defend any action or proceeding brought by a third party purporting to affect the rights, duties or liabilities of the parties hereto, including, without limiting the generality of the foregoing, an action to foreclose the security interest created hereby, and in connection therewith to incur costs, expenses and attorneys' fees in any such action or proceeding in which the Secured Party shall appear, all of which costs, expenses and attorneys' fees will be paid or reimbursed to Secured Party by Debtor.

(b) In the event of any default hereunder, Secured Party shall be entitled, without notice and without regard to the adequacy of the Collateral and of any other security for the indebtedness hereby secured, to the appointment of a receiver to take possession of all or any part of the Collateral and to exercise such powers as the Court shall confer upon him.

(c) At any public sale or sales made under this Section 9 or authorized herein or by laws, or at any sale or sales made upon judicial foreclosure of this security interest, Secured Party (or its representative) may bid for and purchase any Collateral being sold and, in the event of such purchase, shall hold such property thereafter discharged of all rights of redemption.

10. Secured Party shall be entitled to enforce any indebtedness, obligation or liability secured hereby and to exercise all rights and powers hereby conferred, although some or all of the indebtedness, obligations and liabilities secured hereby are now or shall hereafter be otherwise secured. Debtor's acceptance of this Agreement shall not affect or prejudice Secured Party's right to realize upon or enforce any other security now or hereafter held by Secured Party, and Secured Party shall be entitled to exercise all rights of set-off to the same effect and in the same manner as if this security interest had not been given.

11. In the event suit is brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover, as an element of damages, its cost of suit and, not as damages, a reasonable attorneys' fee to be fixed by the Court.

12. The words Secured Party and Debtor, as used herein, shall be construed to include the heirs, legatees, devisees, administrators, executors, successors and assigns, respectively, of Secured Party and Debtor. This Agreement shall bind and inure to the benefit of such third persons. Whenever the context so requires, the masculine gender includes the feminine and neuter, the singular number includes the plural, and vice versa. All references herein to the Uniform Commercial Code means the Uniform Commercial Code as adopted by the State in which Secured Party's principal place of business is located.

THE UNDERSIGNED DEBTOR HEREBY SPECIFICALLY CERTIFIES THAT HE HAS READ AND UNDERSTANDS THIS SECURITY AGREEMENT.

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

Secured Party:
1000° Degrees Pizzeria Franchise, Inc.

By:__________________________________
Print Name:__________________________
Title:________________________________
Date:________________________________

Franchisee:

By:__________________________________
Print Name:__________________________
Title:________________________________
Date:________________________________

SCHEDULE I

All leasehold improvements, furniture, fixtures, appliances, tools, equipment, cash registers, goods, inventories, and allied products, and finished goods and materials, now owned or hereafter at any time acquired by Debtor, and all accessories, parts, repossessions, and returns thereto or therefore; all accounts, general tangibles, chattel paper, documents, instruments, (whether negotiable or non-negotiable), deposit accounts, money, contract rights and rights to payment of every kind, now existing and hereafter arising; and all proceeds (including proceeds of insurance policies on the Collateral), products, additions, accessions, replacements and substitutions for and of such Collateral.

EXHIBIT I TO
1000° DEGREES PIZZERIA FRANCHISE, INC. FRANCHISE AGREEMENT

PRE-CLOSING FRANCHISE SALES COMPLIANCE QUESTIONNAIRE

[***To be completed by Franchisee and all Owners before signing Franchise Agreement***]

~~As you know, you and~~ 1000° Degrees Pizzeria Franchise, Inc. (the "Franchisor") ~~are about to enter into~~is the franchisor of a franchise ~~agreement for~~system involving the development, opening and operation of ~~a~~ pizza restaurants under Franchisor's designated marks, currently including *1000 Degrees Neapolitan Pizza® and 1000° Degrees Pizzeria*~~™~~ ~~restaurant.~~ *®* and system (each a "Restaurant"). You are considering entering into a franchise agreement with Franchisor (the "Franchise Agreement") under which you will be licensed the right to open and operate a Restaurant under Franchisor's System according to the terms and conditions of the Franchise Agreement. The purpose of this Questionnaire is to determine if any improper sales practices have occurred, including, whether any statements or promises were made to you Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question. **The answers you provide in this Questionnaire are material to Franchisor and Franchisor is relying on all such answers in agreeing to enter into a franchise relationship with you.**

1. Have you received and personally reviewed Franchisor's Franchise Disclosure Document?

   Yes____ No____

2. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

   Yes____ No____

3. Have you received and personally reviewed the 1000° Degrees Pizzeria Franchise, Inc. Franchise Agreement and all accompanying Exhibits?

   Yes____ No____

4. Has any employee or other person speaking on behalf of Franchisor made any statement, representation or promise concerning the revenue, profits or operating costs of ~~an *1000° Degrees Pizzeria™*~~a System restaurant operated by Franchisor or any of its affiliates?

   Yes____ No____

5. Has any employee or other person speaking on behalf of Franchisor made any statement, representation or promise concerning the revenue, profits or operating costs of a ~~*1000° Degrees Pizzeria™* restaurant~~Restaurant operated by a franchisee?

Yes____ No____

6. Has any employee or other person speaking on behalf of Franchisor made any statement or promise concerning a ~~*1000° Degrees Pizzeria™* restaurant~~Restaurant that is contrary to, different from, or in addition to, the information contained in the Disclosure Document?

Yes____ No____

7. Has any employee or other person speaking on behalf of Franchisor made any statement or promise regarding the amount of money you may earn or revenue you may derive in operating a ~~*1000° Degrees Pizzeria™* restaurant~~Restaurant?

Yes____ No____

8. Has any employee or other person speaking on behalf of Franchisor made any statement or promise concerning the amount of revenue a ~~*1000° Degrees Pizzeria™* restaurant~~Restaurant will generate?

Yes____ No____

9. Has any employee or other person speaking on behalf of Franchisor made any statement or promise regarding the costs you may incur in operating a ~~*1000° Degrees Pizzeria™*~~ Restaurant restaurant that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No____

10. Has any employee or other person speaking on behalf of Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a ~~*1000° Degrees Pizzeria™* restaurant~~Restaurant?

Yes____ No____

11. Has any employee or other person speaking on behalf of Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No____

12. Do you understand that Franchisor's approval of a location for a ~~*1000° Degrees Pizzeria™* restaurant~~Restaurant does not constitute an assurance, representation or warranty of any kind as to the successful operation or profitability of a ~~*1000° Degrees Pizzeria™* restaurant~~Restaurant at the location?

Yes____ No____

13. Do you understand that the approval of Franchisor of a financing plan for operation of ~~an *1000° Degrees Pizzeria™* restaurant~~a Restaurant does not constitute any assurance that such financing plan is favorable, or not unduly burdensome, or that a ~~*1000° Degrees Pizzeria™* restaurant~~Restaurant will be successful if the financing plan is implemented?

Yes____ No____

14. Do you understand that in all dealings with you, the officers, directors, employees and agents of Franchisor act only in a representative capacity and not in an individual capacity and such dealings are solely between you and Franchisor?

Yes____ No____

If you have answered "Yes" to any of questions 4 through 11, please provide a full explanation by attaching an additional page. You understand that your answers are important to us and that we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. However, the representations contained herein are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

PROSPECTIVE FRANCHISEE/APPLICANT:

By:____
Print Name:__________________________________
Date:_______________________________________

By:____
Print Name:__________________________________
Date:_______________________________________

EXHIBIT C
TO 1000° DEGREES PIZZERIA FRANCHISE INC. FRANCHISE DISCLOSURE DOCUMENT

DEVELOPMENT AGREEMENT

®

1000° DEGREES PIZZERIA FRANCHISE, INC.

DEVELOPMENT AGREEMENT

DEVELOPER

DATE

DEVELOPMENT AGREEMENT

1000° DEGREES PIZZERIA FRANCHISE, INC.

This Development Agreement (the "Agreement') is made and entered into on ______, 20______ (the "Effective Date") by and between 1000 DEGREES PIZZERIA FRANCHISE, INC., a New Jersey corporation with an address at 170 S. New York Road, Galloway, NJ 08205 ("we", "us", "our", "1000° DPFC" or "Franchisor") and ________________, a __________ with an address at ________________ ("you", "your" or "Franchisee") on the date this Agreement is executed by us below (the "Effective Date"). Franchisor and Franchisee are sometimes hereinafter collectively referred to as the "parties".

BACKGROUND

A. 1000° DPFC, as the result of the expenditure of time, skill, effort and money, owns and continues to develop a franchise system (the "System") involving the establishment and operation of fast casual pizza restaurants offering authentic Neapolitan-style pizza and related items and beverages prepared to order and served quickly for dine-in or carry-out customers under Franchisor's designated marks (each a "Restaurant").

B. The characteristics of the System include, without limitation sales and operating methods; interior and exterior design; décor; layout; fixtures and furnishings; food preparation and presentation techniques; customer service and development techniques; procedures for inventory and management control; uniform standards and procedures for efficient business operations; training and assistance; marketing programs; menu items and pricing; all of which may, at times, be changed, improved and further developed from time to time by the 1000° DPFC.

C. 1000° DPFC identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks *1000° Degrees Pizzeria®,* the *1000° Degrees Pizzeria®* logo, *1000 Degrees Neapolitan Pizza®* and the *1000 Degrees Neapolitan Pizza®* logo, and/or such other different and/or additional trade names, trademarks, and service marks as are now designated and may hereafter be designated by 1000° DPFC in writing for use in connection with the System (the "Proprietary Marks" or "Marks").

D. 1000° DPFC has the right to establish System "Standards and Specifications" for various aspects of the System, including, without limitation, standards and specifications related to location selection, the Restaurant's physical characteristics, operating procedures, products and services offered, supplier qualifications, training, marketing and other aspects that affect and/or relate to the experience of System customers. You are required to comply with 1000° DPFC Standards and Specifications, which 1000° DPFC has the right to (and expects to) change and modify over time.

E. You have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement and have had sufficient time and opportunity to evaluate and investigate the business concept and the procedure and financial requirement associated with the business as well as the competitive market in which it operates.

F. You have expressed an interest in obtaining the right to open multiple Restaurants within a specific geographic area, and we are willing to grant such right upon the terms and conditions set forth in this Agreement.

AGREEMENT

In consideration of the above recitals, the covenants, agreements and conditions set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. APPOINTMENT, DEVELOPMENT TERRITORY AND MINIMUMUM DEVELOPMENT OBLIGATION

1.1 Development Area

Subject to your strict compliance with the terms and conditions of this Agreement, we grant to you, and you accept, the right during the term of this Agreement to open and operate Restaurants in the "Development Area" described in Exhibit A to this Agreement. All of your Restaurants must be located within the Development Area. **You will not receive any exclusive or protected territory rights.** Without limiting the foregoing, during the Term of this Agreement, we have the right, but not the obligation, to open and operate, and to grant others the right to open and operate, Restaurants anywhere, including in the Development Area; provided, however, in no event will any such restaurant be located within the protected territory granted to a System franchisee pursuant to a franchise agreement entered into by and between us or our assignee and such franchisee.

This grant is upon the terms and subject to the conditions of this Agreement. You acknowledge and agree that our initial service under this Agreement is solely to identify the Development Area, and that we have no ongoing obligations such as training or operational assistance to you under this Agreement. All ongoing and further obligations to you in opening the Restaurants shall be provided pursuant to the applicable Franchise Agreement between you and us for each Restaurant you are required to open under this Agreement.

1.2 Minimum Development Obligations

1.2.1 You shall comply with the terms and conditions of this Agreement and you shall comply with the following "Minimum Development Obligations": (i) secure a site and enter into a lease agreement for each Restaurant you are required to develop under this Agreement on or before the lease execution deadline set forth in Exhibit A attached hereto (the "Lease Execution Deadlines"), (ii) develop and open each Restaurant you are required to develop under this Agreement on or before the opening deadline set forth in Exhibit A attached hereto (the "Opening Deadlines"), and (iii) have open and in operation within the Development Area, not less than the cumulative number of Restaurants identified in Exhibit A to this Agreement; (collectively, "the Minimum Development Obligation"). **YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS AGREEMENT AND THAT YOUR RIGHTS UNDER THIS AGREEMENT ARE SUBJECT TO TERMINATION IF YOU DO NOT STRICTLY COMPLY WITH THE MINIMUM DEVELOPMENT OBLIGATIONS.**

1.2.2 For each Restaurant you are required to develop under this Agreement, you shall enter into our then-current form of Franchise Agreement within the time periods set forth in this Agreement. In consideration of your pre-payment of the Initial Franchise Fees upon execution of this Agreement, you shall not be required to pay any initial franchise fees under any of the Franchise Agreements you execute pursuant to this Agreement. You may form newly established, separate affiliate entities that share the identical ownership structure as Developer, to enter into the lease agreements and franchise agreements for each Restaurant you are required to open under this Agreement (each a

"Developer Affiliate"). You, each of your owners, and each owner of each Developer Affiliate, as applicable, shall enter into a personal guaranty and subordination agreement in the form attached to the applicable Franchise Agreement, which form may be materially different from the form attached to the franchise disclosure document you received prior to entering into this Agreement. You shall designate one (1) individual who shall be designated in Exhibit A attached hereto, who has the authority to, and does in fact, actively direct your business affairs related to your obligations under this Agreement and has the authority to sign on your behalf all contracts and commercial documents (your "Responsible Owner"). Your Responsible Owner shall exert his or her best efforts to the development of the Restaurants pursuant to this Agreement and, absent our prior approval, may not engage in any other business or activity that requires substantial management responsibility or time commitments.

1.2.3 You have no right to sublicense or subfranchise your rights under this Agreement.

1.3 Force Majeure

If you are unable to meet the Minimum Development Obligation requirement solely as the result of force majeure, including, but not limited to, war, riot, strikes, material shortages, floods, earthquakes, and other acts of God, or by governmental action or force of law, which results in the inability of you to construct or operate Restaurants in the Development Area, and which you could not, by the exercise of due diligence, have avoided, the Development Periods will be extended by the amount of time the force majeure exists, provided that if any force majeure continues for a period in excess of six months, we may terminate this Agreement upon written notice to you.

1.4 Reservation of Rights

You acknowledge and agree that we have the right to open and operate, and to grant others the right to open and operate Restaurants anywhere within and outside of the Development Area as we deem appropriate in our sole and absolute discretion. This Agreement is not a franchise agreement and you do not have any right to use the Marks in any manner by virtue of this Agreement. You have no right under this Agreement to subfranchise or sublicense others to operate a Restaurant or use the System or the Marks. Without limiting the foregoing, we reserve all rights to do anything within the Development Area, including, without limitation, the following:

1.4.1 the right to operate and grant others the right to operate other Restaurants at any location within or outside of your Development Area, regardless of the proximity to your Development Area, and on such conditions as we deem appropriate;

1.4.2 the right to engage in wholesale operations anywhere and everywhere;

1.4.3 the right to distribute or license the manufacture or distribution of products, regardless of whether such products are authorized for sale by Restaurants, under the Marks, through other channels of distribution, including Internet and catalog sales anywhere;

1.4.4 the right to develop, operate and franchise similar or dissimilar systems, under trademarks, service marks and commercial symbols other than the Marks anywhere, without offering them to you; and

1.4.5 the right to acquire, be acquired by or merge with franchise systems or non-franchised systems that operate in competitive or similar lines of business to Restaurants anywhere, including within the Development Area.

1.5 Special Venues. We shall have the right to develop, open and operate, and to license others the right to develop, open and operate, Restaurant(s) in any Special Venues, including any Special

Venue located within the Development Area, without providing you any rights therein or compensation therefor. The term "Special Venues" shall mean non-traditional venues, including, without limitation, travel centers, airports, schools, railroad/railway stations, bus stations, government institutions and facilities, hospitals, shopping mall food courts, military installations, stadiums, arenas, convention centers, casinos, boardwalks, amusement parks, theaters, "big box" retail stores, and other locations within institutional or public facilities.

2. FEES; REVENUE SHARE PROGRAM

2.1 Development Fee & Initial Franchise Fees

2.1.1 Development Fee. You shall pay to us a "Development Fee" in the amount designated in Exhibit A immediately upon execution of this Agreement. The Development Fee is paid to us in consideration of the rights we grant you pursuant to this Agreement, including, without limitation, the Revenue Share Program (as defined below). Accordingly, the Development Fee is deemed fully earned by us upon execution of this Agreement and is non-refundable, even if you fail to develop one or more of the Restaurants.

2.1.2 Initial Franchise Fees. In addition to the Development Fee, immediately upon execution of this Agreement, you must pay to us an initial franchise fee in the amount of $25,000 for each Restaurant you are required to develop pursuant to this Agreement (the "Initial Franchise Fees"). The Initial Franchise Fees are deemed fully earned by us upon execution of this Agreement and are non-refundable, even if you fail to develop one or more of the Restaurants.

2.2 Revenue Share Program. Provided that (a) you have not committed a Material Default at any time during the Term; (b) you are in strict compliance with your Minimum Development Obligations; and (c) you have in operation the total cumulative number of Restaurants you are required to have in operation as identified on Exhibit A, effective upon the opening of 50% of the Restaurants you are obligated to open under this Agreement (the "Revenue Share Commencement Date"), you will be eligible to participate in our "Revenue Share Program". Under our Revenue Share Program, we will pay to you a "Revenue Share" equal to 25% of all initial franchise fees and royalty fees paid to us from each un-related, third party franchisee who is licensed the right to open and operate a System Restaurant, the physical premises of which is to be located in the Development Area, during the period beginning on the Revenue Share Program Commencement Date and ending on the date this Agreement expires or is terminated (the "Revenue Share Period"). Notwithstanding the foregoing, for clarification purposes, the initial franchise fees and royalty fees you, or any Developer Affiliate, pay to us pursuant to this Agreement shall not be included in the Revenue Share Program. We shall pay the Revenue Share to you on a quarterly basis, within 30 business days following the expiration of each quarter during the Revenue Share Period. We have the right to set-off any Revenue Share payments due to you against any payments you or any Developer Affiliate owes to us pursuant to this Agreement or any franchise agreement entered into by and between you and us, or any Developer Affiliate and us. If, at any time during the Revenue Share Period, you (i) commit a Material Default, (ii) fail to meet any of the deadlines set forth in Exhibit A, or (iii) do not have, in operation, the total cumulative number of Restaurants you are required to have in operation as identified in Exhibit A, your right to participate in the Revenue Share Program shall immediately terminate and this Section 2.2 shall be deemed null and void and of no further force or effect. You hereby acknowledge that you shall have no right or obligation to solicit franchise sales or to provide any products or services to Restaurants operating in the Development Area.

3. RESTAURANT SITE SELECTION; FRANCHISE AGREEMENT EXECUTION PROCEDURES.

3.1 Restaurant Site Selection. You must, on your own initiative and at your sole cost and expense, locate and secure an acceptable site for each Restaurant you are required to develop under this Agreement, and enter into a valid, binding lease agreement on or before the applicable Lease Execution

Deadline. You must advise us in writing of your proposed site for each Restaurant and you must submit to us a complete site report and application (containing demographic, commercial and other information that we or our designee may require). We are relying on your knowledge of the real estate market in your Development Area. Our prior approval is required in writing for each Restaurant location. Each site must meet our confidential site evaluation criteria. In accepting or rejecting a proposed site, we will consider such matters as we deem material, including demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses (including other System Restaurants), the nature of other businesses in proximity to the site and other commercial characteristics and the size of the premises, appearance, and other physical characteristics of the premises. We will approve or disapprove your proposed site within thirty (30) days after we receive all of the materials you are required to provide to us. Our approval of a site will be by delivery of written notice to you. If you do not receive a written notice of approval within thirty (30) days after receipt of the requisite materials to approve or disapprove a proposed site, your proposed site is considered disapproved. We will not unreasonably withhold approval of any proposed site if it meets our then-current site criteria. ***You acknowledge and agree that our approval of a proposed site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Restaurant or any other purpose. Our approval of a site indicates that we believe that the site meets our then acceptable criteria. Without limiting the foregoing, you acknowledge and agree that we are not responsible of the site fails to meet your or our expectations or if the Restaurant you develop at the site fails.*** We have the right to require you to use our designated suppliers for site selection and real estate development services. We will notify you in writing of any such requirement, and, you shall, immediately upon your receipt of such written notification, comply with any and all such requirements at your sole cost and expense.

3.2 Lease Approval/Execution Procedures.

3.2.1 You must present to us for our approval the lease for each premises from which you will operate each Restaurant you are required to develop under this Agreement **before you sign the lease for such Restaurant**. You must cause your landlord to include the provisions we require in your lease agreement for each Restaurant. For each Restaurant you are required to develop under this Agreement, both you, and the landlord for the applicable leased premises, must enter into our then-current form of Collateral Assignment of Lease. The Collateral Assignment of the Lease includes important provisions that protect our interests. If your landlord refuses to sign the Collateral Assignment of the Lease in the form we require, we have the right to reject your proposed site for the applicable Restaurant.

3.2.2 Each lease for each Restaurant must provide that we (or our designee) may, at our sole option, upon the termination, expiration or proposed transfer of the Franchise Agreement for such location, take an assignment of your interest in the lease, without the payment of additional consideration (other than a reasonable assignment fee), and without liability for obligations you accrued as of the date of the assignment of the lease. Our review of any lease prior to its execution will not be for the purpose of approving the legal aspects, economics, or rental terms of such lease. Accordingly, we will have no responsibility to you with regard to the economics, legality or enforceability of any lease. At all times during the term of this Agreement, you will promptly pay all rents and charges required by the lease for the Restaurant and shall not be in default under the terms of the lease. You are required to provide us with a copy of your fully executed lease for each Restaurant immediately upon your receipt of a fully executed copy thereof, and any amendments or renewals to the lease, to ensure that at all times we have a complete copy of the then-current lease for each Restaurant.

3.3 Franchise Agreement Execution Requirements.

For each Restaurant you are required to develop under this Agreement, you (or a Developer Affiliate approved by us) shall sign our then-current form of franchise agreement, which agreement may contain materially different terms and conditions as compared to the form of franchise agreement attached to the franchise disclosure document provided to you prior to your execution of this Agreement, no later than the earlier to occur of (a) the date you execute the lease agreement for the Restaurant; or (b) five (5) calendar days after you receive our written approval of the proposed site for the Restaurant. Upon the execution of each Franchise Agreement, the terms and conditions of such Franchise Agreement shall control the establishment and operation of the Restaurant that is the subject of such Franchise Agreement.

4. RELATIONSHIP OF PARTIES

4.1 Relationship of Parties

4.1.1 You will function as an independent party and not as our agent or representative, but rather as a franchisee under our Franchise Agreements. You and we are not and will never be considered joint ventures, partners, employees, employer or agents one for the other. Neither will have the power to bind or obligate the other except as otherwise outlined in this Agreement and/or the Franchise Agreements. No representation will be made by either party to anyone that would create any apparent agency, employment or partnership except as otherwise outlined in this Agreement.

4.1.2 In all public and private records, documents, relationships, and dealings, you will indicate that you are an independent contractor operating pursuant to this Agreement.

4.1.3 You will maintain your records and accounts to clearly indicate that you and your employees are not our employees. You will be solely responsible to hire your own employees, including determinations about a prospective person's background, experience, character and immigration status. You shall provide written notification to each person you intent to hire as an employee advising such person that the Franchisor is not their employer.

4.1.4 You will pay all of your development, travel, tax, operating, sales, and other costs and expenses directly or indirectly incurred in fulfilling your obligations under this Agreement. You will hold us harmless for all such costs and expenses.

5. TERM AND TERMINATION

5.1 Term

Unless sooner terminated, the term of this Agreement ("the Term") will begin on the Effective Date and will end on the earlier to occur of: (a) the date the final Restaurant you are required to develop under this Agreement has opened; or (b) the Opening Deadline for the last Restaurant you are required to open under this Agreement. You do not have any right to renew this Agreement.

5.2 Termination

We have the right to terminate this Agreement, effective immediately upon delivery of written notice to you, if you commit a Material Default under this Agreement.

Each of the following events shall be deemed a "Material Default" under this Agreement:

(a) Your fail to meet any of your Minimum Development Obligations.

(b) Any conduct on your part that impairs the goodwill associated with the marks or otherwise causes harm to us or the reputation of the brand or System.

(c) The termination of any Franchise Agreement entered into by and between Franchisor, its successors or assigns, and you and/or any Developer Affiliate.

(d) If you or any Developer Affiliate commits a default under any Franchise Agreement or other agreement between us and you or any Developer Affiliate, which default remains uncured beyond all applicable notice and cure periods.

(e) If you violate any of your confidentiality or non-competition obligations under this Agreement.

(f) If you default under any other obligation under this Agreement and such default is not cured before the expiration of fifteen (15) calendar days following your receipt of a written notice of default from us.

A termination of this Agreement is not deemed to be a termination of any Franchise Agreement entered into by and between you and us, or any Developer Affiliate and us. You shall not be entitled to any refund of any of the Development Fee if we terminate this Agreement in accordance with the terms hereof.

5.3 Effects of Termination

Upon the expiration of the term, or upon termination of this Agreement, regardless of the cause for termination, you will have no further right to open or operate additional Restaurants which are not, at the time of such termination or expiration, the subject of a then existing Franchise Agreement between you and us which is in full force and effect. You acknowledge that during and after the expiration or earlier termination of this Agreement, we may open and operate, and license others the right to open and operate one or more Restaurants anywhere in the Development Area, subject to any territorial rights granted to you or any Developer Affiliate, as applicable, under any Franchise Agreement then in effect.

6. TRANSFER AND SUCCESSION

6.1 Assignment by Us

We may assign this Agreement, or any of our rights and privileges to any other person, firm or corporation without your prior consent; provided that, in respect to any assignment resulting in the subsequent performance by the assignee of our functions, the assignee will expressly assume and agree to perform our obligations.

6.2 Assignment by You

Your rights and obligations under this Agreement are personal to you and our not assignable at all. Without our prior written permission, you will not voluntarily or involuntarily sell, transfer, assign, encumber, give or otherwise alienate the whole or any part of this Agreement, your assets, or the ownership of any of your rights under this Agreement. We have entered this Agreement in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence we repose in you or your principal officers or partners who will actively and substantially participate in the development and operation of the Restaurants you are required to develop under this Agreement.

7. COVENANTS: NON COMPETITION/CONFIDENTIALITY/COMPLIANCE WITH LAWS

7.1 Non-Compete

7.1.1 You and each of your owners, officers and agents will not, during the Term of this Agreement, directly, indirectly or through, on behalf of, or in conjunction with any person or legal entity:

(a) participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business (as defined below); or

(b) divert, or attempt to divert any present or prospective business or customer of any 1000 Degrees Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

For purposes of this Agreement, the term “Competitive Business” shall mean any business operating, or granting franchises or licenses to others to operate, a restaurant offering or selling pizza. The term Competitive Business shall not include other Restaurants operated by you or any Developer Affiliates pursuant to a valid, binding franchise agreement by and between such party and Franchisor.

7.1.2 During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents **will not** directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business that is located: (a) anywhere in the Development Area; (b) within a twenty-five (25) mile radius of the Development Area; or (c) within a 25 mile radius of any Restaurant in operation, under lease, or under construction as of the date of termination or expiration, as applicable. During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents **will not** directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any franchise system that is offering or selling the right to develop, open or operate Competitive Businesses anywhere in the United States. The covenants not to compete are in addition to and not in lieu of your express agreements set forth above to not use any trade secrets, confidential information or personal contacts except as authorized by us.

7.1.3 You acknowledge and agree that the restricted periods set forth in Section 7.1 (inclusive of all subparts) shall be tolled during any time in which you are in violation of your obligations. We may require you to obtain written agreements from your owners, officers, directors, employees and agents to not compete against us and to not disclose our trade secrets and confidential information. These agreements will be in a form we approve.

7.1.4 If for any reason, any provision of any of the covenants not to compete set forth in Section 7.1 (inclusive of all subparts) is determined to exceed any lawful scope and limit as to duration, geographic coverage, or otherwise, it is agreed that provision will nevertheless be binding to the full scope or limit allowed by applicable laws or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to this Agreement.

7.1.5 You agree that damages alone cannot adequately compensate us if there is a violation of any of your non-competition covenants and that injunctive relief is essential for our protection. You therefore agree that in any case of any alleged breach or violation of this section, we may seek injunctive relief without posting any bond or security, in addition to all other remedies that may be available to us at equity or law.

7.2 Communication of Information

During the Term of this Agreement and thereafter, you will not communicate or divulge to any person or entity the contents of the System Manuals, or any other non-public information related to the System or the operation of the Restaurants. Under no circumstances will you or your agents communicate or divulge to any person or entity any trade secrets, confidential information or personal contacts relating to the System or Restaurants operating under the System during the Term of this Agreement or thereafter.

7.3 You to Cease Using Names and Marks

Except to the extent permitted under then current Franchise Agreements, upon expiration or termination of this Agreement, whatever the cause for termination, you will immediately cease using the Marks and our names, logos, service marks, trademarks and other marks, symbols or materials suggesting that you were related to us or the System in any way. You acknowledge that all of these are our exclusive property and that you are allowed to use them only in connection with your work as our sales and service agent or franchisee. You may use them only pursuant to the provisions of any relevant franchise agreements between the parties.

7.4 Compliance with Applicable Laws.

You shall, at your sole cost and expense, comply with all federal, state, city, municipality and local laws, ordinances, rules and regulations applicable to your obligations under this Agreement. You must, at your expense, be absolutely and exclusively responsible for determining all licenses and permits required by law for your Restaurants, for qualifying for and obtaining all such licenses and permits, and maintaining all such licenses and permits in full force and effect.

8. DISPUTE RESOLUTION

8.1 Mediation.

8.1.1 The parties have reached this Agreement in good faith and with the belief that it is advantageous to each of them. In recognition of the strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Other than an action brought by us under Section 8. 3 of this Agreement, and with the exception of injunctive relief or specific performance actions, before the filing of any arbitration, you and we agree to mediate any dispute, controversy or claim between us and/or any of our affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Franchisor Related Party"), on the one hand, and you and/or any of your affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Developer Related Party"), including without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the parties' relationship; or (c) the events occurring prior to the entry into this Agreement. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement.

8.1.2 Mediation will be conducted Atlantic County, New Jersey. Persons authorized to settle the dispute must attend each mediation session in person. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within thirty (30) days of the notice from the party seeking to initiate the mediation procedures. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section. The mediation may be concluded: (a) by the signing of a settlement agreement by the parties; (b) by the mediator's declaration that the mediation is terminated; or (c) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

8.1.3 The fees and expenses of the mediator shall be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in the mediation.

8.2 Arbitration

8.2.1 Except as qualified below and in Section **8.3**, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to (a) this Agreement, (b) the parties' relationship, (c) the events leading up to the entry into this Agreement, (d) the Development Area, (e) the scope or validity of the arbitration obligation under Section **8.2**, shall be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures.

8.2.2 Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational claim, or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts. The arbitration must take place in Atlantic County, New Jersey. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in franchise law. Any issue as to whether a matter is subject to arbitration will be determined by the arbitrator. A judgment may be entered upon the arbitration award by any state or federal court in Atlantic County, New Jersey.

8.2.3 The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; (3) certify a class or a consolidated action; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator shall have the right to make a determination as to any procedural matters that court of competent jurisdiction would be permitted to make in the state in which our main office is located. Further, the arbitrator shall decide all factual, procedural, or legal questions relating in any way to the dispute between the parties, including, without limitation, questions relating to whether Section **8.2** is applicable and enforceable as against the parties; the subject matter, timeliness, and scope of the dispute; any available remedies; and the existence of unconscionability and/or fraud in the inducement.

8.2.4 The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

8.2.5 The arbitrator shall have subpoena powers limited only by the laws of the State of New Jersey. The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute shall otherwise have the same discovery rights as are available in civil actions under the laws of the State of New Jersey. All other procedural matters shall be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the State of New Jersey.

8.2.6 Other than as may be required by law, the entire arbitration proceedings (including, without limitation, any rulings, decisions or orders of the arbitrator), shall remain confidential and shall not be disclosed to anyone other than the parties to this Agreement.

8.2.7 The judgment of the arbitrator on any preliminary or final arbitration award shall be final and binding and may be entered in any court having jurisdiction.

8.2.8 We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished our right to seek recovery of those costs against you.

8.3 Exceptions to Arbitration

Notwithstanding Section 8.1 or Section 8.2, the parties agree that the following claims will not be subject to mediation or arbitration:

(a) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder;

(b) any action in ejectment or for possession of any interest in real or personal property; or

(c) any claim by us: (a) relating to your failure to pay any fee due to us under this Agreement; (b) relating to your failure to comply with the confidentiality and non-competition covenants set forth in this Agreement; and/or (c) and/or our affiliates relating to your use of the Marks and/or the System, including, without limitation, claims for violations of the Lanham Act.

9. MISCELLANEOUS PROVISIONS

9.1 Choice of Law and Venue; Limitation of Claims; Jury Trial Waiver; Class Action Waiver; Waiver of Damages

9.1.1 You acknowledge that we have appointed and intend to appoint many franchisees on terms and conditions similar to those set forth in this Agreement and the Franchise Agreement. It mutually benefits those franchisees, you and us if the terms and conditions of these license agreements are uniformly interpreted. This Agreement is accepted in the State of New Jersey and will be governed by the laws of such state which laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those laws. This choice of laws will not include and does not extend outside of New Jersey the scope of application of the New Jersey franchise or business opportunity laws. Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of New Jersey, will be construed and enforced according to the laws of that state. All issues or disagreements relating to this Agreement will be tried, heard, and decided in the state and federal courts in New Jersey, which you agree is the most convenient venue for these purposes. You acknowledge and agree that this location for venue is reasonable and the most beneficial to the needs of and best meets the interest of all of the members of the System.

9.1.2 If a dispute arises between the parties, the parties agree to participate in mediation in accordance with the Mediation Procedures of the US Arbitration & Mediation Service or of any similar organization that specializes in the mediation of commercial business disputes. The Parties agree to equally share the costs of mediation.

9.1.3 Except for claims arising from your non-payment or underpayment of amounts you owe to us, or claims related to your unauthorized use of the Marks, any and all claims arising out of or related to this Agreement or the relationship of the parties will be barred unless a judicial or arbitration proceeding, as required under this Agreement, is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims, and that any action not so brought shall be barred, whether as a claim, counterclaim, defense or setoff. You hereby acknowledge and agree that you may not maintain any action against us or any of our principals, officers, directors, agents, employees, parents, subsidiaries, affiliates, successors or assigns (each a "1000° DPFC Related Party") unless (a) you deliver written notice of any claim to the other party within one hundred eighty (180) days after the event complained of becomes known to you, (b) you strictly adhere to the negotiation and mediation procedures set forth in this Agreement, and (c) you file an arbitration within one (1) year after the notice is delivered.

9.1.4 **Waiver of Rights. THE PARTIES HERETO AND EACH OF THEM KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREE AS FOLLOWS:**

9.1.5 Jury Trial. **The parties hereto and each of them EXPRESSLY WAIVE(S) THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN ANY ARBITRATION, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, FOR ANY CLAIMS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NEGOTIATION OF THIS AGREEMENT, THE EVENTS LEADING UP TO THE SIGNING OF THIS AGREEMENT, OR THE BUSINESS RELATIONSHIP RELATING TO THIS AGREEMENT OR THE FRANCHISE, WHETHER BROUGHT IN STATE OR FEDERAL COURT, WHETHER BASED IN CONTRACT THEORY, NEGLIGENCE OR TORT, AND REGARDLESS OF WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. This waiver is effective even if a court of competent jurisdiction decides that the arbitration provision in this Agreement is unenforceable. Each party acknowledges that it has had full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.**

9.1.6 Damage Waiver. The parties hereto and each of them EXPRESSLY WAIVE(S) ANY CLAIM FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES; ***except that*** this waiver and limitation shall not apply with respect to (a) your obligation to indemnify us pursuant to any provision of this Agreement, or (b) any claims we bring against you and/or your guarantors and/or your owners for unauthorized use of the Marks, unauthorized use or disclosure of any Confidential Information, unfair competition, breach of your confidentiality or non-competition covenants under this Agreement, and/or any cause of action under the Lanham Act, and we shall be entitled to receive an award of multiple damages, attorneys' fees and all damages as provided by law.

9.1.7 The parties hereto and each of them EXPRESSLY AGREE(S) THAT IN THE EVENT OF ANY FINAL DETERMINATION, ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY ARBITRATION OR OTHER FORUM SHALL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, except that we may recover more than two (2) times its actual damages if you commit acts of willful trademark infringement or otherwise violate the Lanham Act, as provided by law.

9.1.8 You hereby expressly waive any and all rights, actions or claims for relief under the Federal Act entitled "Racketeer Influenced and Corrupt Organizations", 18 U.S.C. Section 1961, *et seq.*

9.1.9 No Class or Collective Actions. You agree that any arbitration, or, if applicable, litigation, between you (or any of your owners or guarantors), on the one hand, and us or any 1000° DPFC Related Party, on the other hand, will be on such party's individual claim and that the claim or claims subject to arbitration and/or litigation shall not be arbitrated or litigated on a class-wide, associational or collective basis.

9.2 Enforcement

9.2.1 Either party may seek to obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement. No right or remedy conferred upon us is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy.

9.2.2 We shall be entitled to recover from you all of our costs and expenses, including attorneys' fees, accounting fees, expert witness fees, and any other reasonably incurred fees, if we are the prevailing party in any action, including arbitration, litigation, any motion to compel arbitration, and/or any action on appeal, with you and/or any of your owners or Guarantors, including, without limitation, any action: (a) to enforce the terms of this Agreement; (b) for violation of this Agreement; or (c) for violation of the Lanham Act or other state or federal statutes. Without limiting the generality of the foregoing, if we incur costs and expenses due to your failure to pay when due amounts owed to us our affiliates, to submit when due any reports, information, or supporting records, or otherwise comply with this Agreement, you agree, whether or not we initiate a formal arbitration or legal proceeding, to reimburse us for all of the costs and expenses that we incur including, without limitation, reasonable accounting, attorneys' and related fees and costs.

9.3 Relationship of You to Us

The parties intend by this Agreement to establish the relationship of franchisor and developer and/or independent contractors. You have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of us for any purpose whatsoever. Neither party is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. You agree that you will not hold yourself out as our agent, employee, partner or co-venturer. All employees hired by or working for you will be your employees and will not, for any purpose, be deemed our employees or subject to our control. You must provide written notification to each of your employees that each such employee is employed by you, and not us. You shall file your own tax, regulatory and payroll reports with respect to your employees and operations.

9.4 Your Indemnification

9.4.1 You agree to protect, defend and indemnify us, and all of our past, present and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, officers, directors, employees, attorneys and designees (the "Indemnified Parties") and hold each of the Indemnified Parties harmless from and against any and all damages, costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or related to your rights or obligations under this Agreement.

9.4.2 You represent and warrant that you have full and legal capacity to enter into this Agreement and into the Franchise Agreements and that they will not violate any provision or restriction in any contractual relationship you or your owners have with any third party.

9.5 Waiver and Delay

9.5.1 The following will not constitute a waiver of the provisions of this Agreement with respect to any subsequent breach or a waiver by us of our right at any time to require exact and strict compliance with the provisions of this Agreement or of the franchise agreements:

(a) Waiver by us of any breach or series of breaches or defaults in your performance,

(b) Our failure, refusal or neglect to exercise any right, power or option given to us under this Agreement or under any franchise agreement between us and you, or

(c) Our failure, refusal or neglect to insist upon strict compliance with or performance of your obligations under this Agreement or any other franchise agreement between you and us.

This applies to this Agreement and to any franchise agreement between the parties whether entered into before, after or contemporaneously with the execution of this Agreement and whether or not related to the Restaurants.

9.6 Survival of Covenants

The covenants contained in this Agreement which, by their terms, require performance by the parties after the expiration or termination of this Agreement, will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

9.7 Successors and Assigns

This Agreement will be binding upon and inure to the benefit of our successors and assigns and will be binding upon and inure to your benefit and your heirs, executors, administrators, successors and assigns, subject to the prohibitions against assignment contained above.

9.8 Joint and Several Liability

If you consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us are joint and several.

9.9 Agreements with Other Developers. You acknowledge that other 1000 Degrees Pizzeria® franchisees and / or developers have or may be granted franchises or development rights at different times and in different situations, and further acknowledge that the provisions of such agreements may vary substantially from those contained in this Agreement.

9.10 Entire Agreement

Except for the Franchise Agreements that may be executed between the parties, this Agreement expresses the sole and complete understanding between the parties concerning the subject matter hereof. This Agreement, including the Exhibits attached hereto, is the entire agreement between the parties with respect to the subject matter hereof. No other prior agreements concerning the subject matter hereof, written or oral, will be deemed to exist or to bind the parties, and all prior agreements, understandings and representations, are merged into this Agreement and superseded by it. Nothing in this Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document provided to you prior to your execution of this Agreement (the "FDD"). You represent that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained in this Agreement. No officer, employee, or agent of ours has any authority to make any representation or promise not contained in this Agreement or in the FDD. You agree that you have executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties. **Time is of the essence of this Agreement.**

9.11 Titles for Convenience

Article and paragraph titles used in this Agreement are for convenience only and will not affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

9.12 Gender

All terms used in any number or gender will extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or paragraph may require.

9.13 Severability

Nothing contained in this Agreement will require the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail. In such event the provisions of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, paragraph, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed deleted, and the remaining part of this Agreement will continue in full force and effect.

9.14 Counterparts

This Agreement may be executed in any number of counterparts; each of which will be deemed an original and all of which together will be deemed the same instrument.

9.15 Notices

Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally, by email, or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and addressed as follows:

Notices to Franchisor: 1000 DEGREES PIZZERIA FRANCHISE, INC.
170 S. New York Road
Galloway, NJ 08205
Attention: Brian Petruzzi, CEO

With a copy to: ____________________
____
____
Attention: ____________________
Facsimile: ____________________

Notices to Developer: ____________________
____
____
Attention: ____________________
Facsimile: ____________________

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of email, upon transmission, or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

9.16 Submission of Agreement

The submission of this Agreement does not constitute an offer and this Agreement will become effective only upon the execution by you and us. THIS AGREEMENT WILL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT WILL HAVE BEEN ACCEPTED AND SIGNED BY FRANCHISOR.

9.17 Acknowledgments & Representations

9.17.1 You, and your shareholders, members and partners, as applicable, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution of this Agreement. You and they have obtained the advice of counsel concerning entering this Agreement. You and they understand the nature of this Agreement and intend to comply with and to be bound by it. You acknowledge that you have conducted an independent investigation of the System, the Franchisor and the Restaurants, and recognize that, like any other business, the business venture contemplated by this Agreement involves business risks. Your success in this business is not guaranteed, is speculative and depends, to an important extent, upon your ability as an independent businessperson. We do not represent or warrant that any Restaurant will achieve any certain level of sales or be profitable. We expressly disclaim the making of, and you acknowledge that you have not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement. By signing this Agreement, you acknowledge that you have entered into it after making an independent investigation of the System.

9.17.2 You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of this franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved of your entering into this Agreement and granting you the rights under this Agreement in reliance upon all of your representations.

9.17.3 You understand that neither we, nor any of our representatives or agents with whom you have met have made, and are not making, any guarantees, express or implied, as to whether or not the Restaurants you develop under this Agreement will break even, be successful or profitable. You acknowledge that the franchise opportunity is a newly offered opportunity with a limited track record and a limited operating history. You accept all risks, including the risk of loss of your entire investment. You acknowledge that neither we nor any of our representatives and/or agents with whom you have met or corresponded with, have, in any way, represented or promised any specific amounts of earnings or profits in association with any of any restaurant, including the Restaurants you are obligated to develop under this Agreement.

9.17.4 You understand and acknowledge that we have made no representations or promises to you as to the total number of Restaurants that will be developed in the Development Area during the Term of this Agreement or thereafter. You further acknowledge and agree that we have no obligation to open or operate, or to license any other party or parties the right to open and operate one or more Restaurants in the Development Area during the Term. You acknowledge and accept the risk that if no Restaurants other than those you are obligated to open under this Agreement are opened during the Term, you will not be entitled to receive any payments pursuant to the Revenue Share Program.

9.17.5 You will exert your best efforts and full time to carrying out the terms, covenants and conditions of this Agreement in good faith.

9.17.6 You acknowledge that you received our Franchise Disclosure Document (the "FDD") at least 14 calendar days prior to the date on which this Agreement was executed and that you have read the FDD. You acknowledge that the FDD is a disclosure document, not a contract, and that this Agreement embodies the entire contractual agreement between the parties.

IN WITNESS WHEREOF, this Agreement has been executed on the day and date first set forth above.

DEVELOPER:
If an entity:]

____

By: __________________________
Name: ________________________
Title: ________________________
Date: ________________________

FRANCHISOR:
1000 DEGREES PIZZERIA FRANCHISE, INC.

By: __________________________
Name: Brian Petruzzi
Title: CEO

[If an individual or individuals:]

Signature: ______________________
Name: ________________________
Date: ________________________

Signature: ______________________
Name: ________________________
Date: ________________________

Signature: ______________________
Name: ________________________
Date: ________________________

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ________ day of __________, 20 __, by ____.

In consideration of, and as an inducement to, the execution of that certain Development Operator Agreement (the "Agreement") by and between 1000 Degrees Pizzeria Franchise, Inc. ("Franchisor") and __________________ ("Developer") on this ____________day of _____________________, each of the undersigned, ____________________________, (each "he", "she" or the "undersigned", collectively, the "undersigned"), personally and unconditionally (a) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and afterward as provided in the Agreement, that Developer will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, mediation and arbitration requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several; (2) he or she will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Developer or any other person; and (4) this liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Developer or to any other person, including, without limitation, the acceptance of any partial payment of performance of the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement.

Each of the undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the undersigned's execution of and performance under this Guaranty. Each of the undersigned hereby represents and warrants that he or she has read the entire Agreement, has been provided with adequate opportunity to consult with counsel of his or her choice, and understands the Agreements terms and his or her obligations under this Guaranty.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

____

____

____

____

EXHIBIT A TO DEVELOPMENT AGREEMENT

1. DEVELOPMENT AREA

The Development Area is defined as the entire territory encompassed by ____ in the State of _______________. If the Development Area is identified by city or other political subdivisions, political boundaries will be considered fixed as of the Agreement Date, notwithstanding any political reorganization or change to the boundaries. The Development Area is depicted on the map attached to this Exhibit A. However, if there is an inconsistency between the language in this Exhibit A and the attached map, the language in this Exhibit A shall control. All street boundaries will be deemed to end at the street center-line unless otherwise specified.

2. MINIMUM DEVELOPMENT OBLIGATIONS

Developer agrees to open _____________ (__) Restaurants within the Development Area according to the following Schedule:

Column A	**Column B**	**Column C**	**Column D**
Restaurant #	**Lease Execution Deadline**	**Opening Deadline**	**Cumulative Number of Restaurants To Be Opened and Operating By Opening Deadline Designated in Column C**

3. **DEVELOPMENT FEE**. The Development Fee is $ ______________________.

4. **RESPONSIBLE OWNER:**

Responsible Owner Name: ______________________
Responsible Owner Address: ______________________
Telephone Number & Email Address: ______________________
Percentage Ownership Interest: ______________________

5. **DEVELOPER INFORMATION:**

_____ **Individual** _______ **Legal Entity**

Name of Individual(s) or Legal Entity (as applicable): ______________________

____

If Legal Entity:
State of formation/incorporation: ______________________
Date of formation: ______________________
Ownership Information:

Owner Name	Owner Address	Percentage Ownership Interest

DEVELOPER:
[If an entity:] ______________________

By: ______________________
Name: ______________________
Title: ______________________
Date: ______________________

[If an individual or individuals:]

Signature: ______________________
Name: ______________________
Date: ______________________

Signature: ______________________
Name: ______________________
Date: ______________________

FRANCHISOR:
1000 DEGREES PIZZERIA FRANCHISE, INC.

By: ______________________
Name: Brian Petruzzi
Title: CEO

~~Exhibit C~~

~~To~~EXHIBIT D

TO 1000° DEGREES PIZZERIA FRANCHISE INC. ~~Franchise Disclosure Document~~FRANCHISE DISCLOSURE DOCUMENT

~~Current Franchisees~~

~~New Jersey~~

~~Morai Corp.~~
~~Principal: Jeff Scherr~~
~~711 Eveshame Ave~~
~~Somerdale, NJ 08043~~
~~610-212-2615~~
~~Opened December 20, 2014~~

~~Ojeda Management , LLC~~
~~Principal: Eric Ojeda and Marcelino Ojeda, Jr.~~
~~2194 North 2nd Street~~
~~Millville, NJ 08332~~
~~(856) 825-2200~~
~~Opened December 2014~~

~~Michigan~~
~~***Signed but not opened:***~~

~~1000 Degrees MI 1, LLC~~
~~Principal: Rudy Sawa (248) 755-7425~~
~~Principal: Randy Kassab (248) 866-8857~~
~~30974 Country Ridge Circle, Michigan 48331~~
~~*Signed January 2015*~~

~~Arizona~~
~~***Signed but not opened:***~~

~~1000 Degrees Azl, LLC~~
~~Principal: Rudy Sawa (248) 755-7425~~
~~Principal: Randy Kassab (248) 866-8857~~
~~6527 West Lieber Place~~
~~Glendale, AZ 85310~~
~~*Signed January 2015*~~

~~Pennsylvania~~
~~***Signed but not opened:***~~
~~Yichi Lin~~

~~Stroudsburg, PA~~

~~570-620-7108~~ CURRENT FRANCHISEES AS OF DECEMBER 31, 2016, UPDATED THROUGH JULY 19, 2017

ARIZONA FRANCHISEES IN OPERATION

FRANCHISEE	STATUS	YEAR OF OPENING	ADDRESS	TELELPHONE NUMBER
Randy Kassab, Rudy Sawa, Martin Yono	Open	2016	7000 E. Mayo Blvd. Suite 1002 Phoenix, AZ	480-502-7735

CALIFORNIA FRANCHISEES IN OPERATION

FRANCHISEE	STATUS	YEAR OF OPENING	ADDRESS	TELELPHONE NUMBER
Juli Satoh	Open	2016	20589 Homestead Rd., Cupertino, CA	408-861-9495

COLORADO FRANCHISEES IN OPERATION

FRANCHISEE	STATUS	YEAR OF OPENING	ADDRESS	TELELPHONE NUMBER
Jeff Lester	Open	2016	10320 Federal Blvd, Suite 200 Federal Heights, CO 80260	720-201-8194
Jeff Lester	Open	2016	1310 College Ave, Suite 270 Boulder, CO	720-201-8194

CONNECTICUT FRANCHISEES IN OPERATION

FRANCHISEE	STATUS	YEAR OF OPENING	ADDRESS	TELELPHONE NUMBER
William Nielson	Open	2016	160 River Road, Lisbon, CT	860-639-6696
Wesley Spears	Opened 11/2016; Closed 2017	2016; Closed 2017	455 Trolley Line Blvd. Mashantucket, CT	Closed: 860-949-8392

FLORIDA FRANCHISEES IN OPERATION

FRANCHISEE	STATUS	YEAR OF OPENING	ADDRESS	TELELPHONE NUMBER
Robert Mann	Open	2016	2511 West US Highway 90 Lake City, FL	386-438-5604
Lior Yoseph	Open	2016	14777 Biscayne Blvd., Miami, FL	954-663-3165
Greg Rabinovich	Open	2017	3111 N. University Drive, Suite 112., Coral Springs, FL	954-369-1455
Inferno Group Holdings; Nick Anagno /Julieann Burtin	Opened 11/2016; Closed 2017	Opened 2016; Closed 2017	1121 Delray Beach, FL	561-350-5576; Closed 2017

MICHIGAN FRANCHISEES IN OPERATION

FRANCHISEE	STATUS	YEAR OF OPENING	ADDRESS	TELELPHONE NUMBER
Randy Kassab, Rudy Sawa, Martin Yono	Open	2015	32427 Gratiot Ave. Roseville, MI	568-296-3010
Randy Kassab, Rudy Sawa, Martin Yono	Open	2015	23117 Outer Dr. Allen Park, MI	313-277-3144

NEW JERSEY FRANCHISEES IN OPERATION

FRANCHISEE	STATUS	YEAR OF OPENING	ADDRESS	TELELPHONE NUMBER
Erick Ojeda	Opened 2014; Closed 2017		2184 N 2nd Street, Millville, NJ	856-825-2200 ; Closed 2017
Lou Bani	Opened 11/2015; Closed 2017		691 W Edgar Rd., Linden, NJ	908-862-3555 ; Closed 2017

NORTH DAKOTA FRANCHISEES IN OPERATION

FRANCHISEE	STATUS	YEAR OF OPENING	ADDRESS	TELELPHONE NUMBER
Mark Connelly, Nadia Grosskreutz	Open	2016	951 S 42nd St. Grand Forks ND	701-757-4001

SOUTH DAKOTA FRANCHISEES IN OPERATION

FRANCHISEE	STATUS	YEAR OF OPENING	ADDRESS	TELELPHONE NUMBER
Mark Gerry	Open	2016	770 22nd Ave South Brookings, SD	608-692-4443
Mark Gerry	Open	2016	2631 10th Ave., SE Watertown, SD 57201	605-878-0137

TEXAS FRANCHISEES IN OPERATION

FRANCHISEE	STATUS	YEAR OF OPENING	ADDRESS	TELELPHONE NUMBER
Denton Banister	Open	2016	2207 S Western St. Amarillo TX	806-803-9436
Chris Chandler	Open	2016	18032 Saturn Lane Nassau Bay, TX 77058	(281)532-6877
Chris Chandler	Open	2016	8035 Spencer Hwy, Deer Park, TX 77536	713-478-6325
John Bock	Open	2017	24600 Katy Fwy, Ste. 800, Katy, TX	281-639-8634

VIRGINIA FRANCHISEES IN OPERATION

FRANCHISEE	STATUS	YEAR OF OPENING	ADDRESS	TELELPHONE NUMBER
Jim Samples	Open	2016	237 South Battlefield Blvd., Chesapeake, VA 23322	704-564-7535
Pijush Barua	Open	2016	3400 Columbia Pike, Arlington, VA	703-340-5531

FRANCHISEES SIGNED BUT NOT YET OPEN

FRANCHISEE	STATUS	YEAR OF OPENING	ADDRESS	TELELPHONE NUMBER
Mark Kassab	Signed but not open	N/A	41576 Ann Arbor Rd. Plymouth Twp, MI 48170	743 - 667-3795
William Nielson/ Vinod Patel	Signed but not open	N/A	160 River Road Newent, CT	860-639-6696
Chis Chandler	Signed but not open	N/A	8035 Spencer Hwy Deer Park TX 77536 Suite B	(713)478-6235
Lior Yoseph	Signed but not open	N/A	N/A	954-663-3165
Pijush Barua	Signed but not open	N/A	3400 Columbia Pike Arlington, VA	703-340-5531
Randy Kassab, Rudy Sawa, Martin Yono	Signed but not open	N/A	N/A	248-755-7425
Randy Kassab, Rudy Sawa, Martin Yono	Signed but not open	N/A	N/A	248-866-8857
Wesley Spears	Signed but not open	N/A	N/A	512-696-2222
Valdez Mumford	Signed but not open	N/A	9201 Woodmore Centre Drive Ste 410 Lanham, MD	(202)904-1809
Valdez Mumford	Signed but not open	N/A	N/A	(202)904-1809
Valdez Mumford	Signed but not open	N/A	N/A	(202)904-1809
John Bock	Signed but not open	N/A	N/A	281-639-8634
John Bock	Signed but not open	N/A	N/A	281-639-8634
Jim Samples	Signed but not open	N/A	N/A	704-564-7535
Jay Merz	Signed but not open	N/A	N/A	610-952-0983
Jay Merz	Signed but not open	N/A	N/A	610-952-0983
Jay Merz	Signed but not open	N/A	N/A	610-952-0983
Vince Lien	Signed but not open	N/A	2710 W. University Blvd Suite 101 Denton, TX 76201	(817)966-3906
Vince Lien	Signed but not open	N/A	N/A	(817)966-3906
Vince Lien	Signed but not open	N/A	N/A	(817)966-3906
Nick Anagno & Julieanne Burtin	Signed but not open	N/A	20642 S SR 7. Boca Raton, FL	561-350-5576
Nick Anagno & Julianne Burtin	Signed but not open	N/A	2635 N State Rd. 7 Wellington, FL 33414	561-350-5576
Prakash Patel	Signed but not open	N/A	1480 Sadler Road, Fernandina Beach, FL 32034	904-493-9393
Prakash Patel	Signed but	N/A	N/A	904-493-9393

FRANCHISEE	STATUS	YEAR OF OPENING	ADDRESS	TELELPHONE NUMBER
	not open			
Prakash Patel	Signed but not open	N/A	N/A	904-493-9393
Prakash Patel	Signed but not open	N/A	N/A	904-493-9393
Prakash Patel	Signed but not open	N/A	N/A	904-493-9393
Prakash Patel	Signed but not open	N/A	N/A	904-493-9393
Prakash Patel	Signed but not open	N/A	N/A	904-493-9393
Prakash Patel	Signed but not open	N/A	N/A	904-493-9393
Prakash Patel	Signed but not open	N/A	N/A	904-493-9393
Greg Rabinovich	Signed but not open	N/A	N/A	786-417-5005
Greg Rabinovich	Signed but not open	N/A	N/A	786-417-5005
Adiya Patel	Signed but not open	N/A	N/A	551-208-3408
Raymond Smith	Signed but not open	N/A	N/A	336-414-7450
Matt Channel	Signed but not open	N/A	N/A	856-567-8899
Bryan McCormick	Signed but not open	N/A	N/A	(402)250-9543
Naushad Maredia	Signed but not open	N/A	N/A	(281)352-0505
Naushad Maredia	Signed but not open	N/A	N/A	(281)352-0505
Naushad Maredia	Signed but not open	N/A	N/A	(281)352-0505
Naushad Maredia	Signed but not open	N/A	N/A	(281)352-0505
Naushad Maredia	Signed but not open	N/A	N/A	(281)352-0505
Naushad Maredia	Signed but not open	N/A	N/A	(281)352-0505
Jimmy Devine	Signed but not open	N/A	N/A	(563)349-9532
Brent Breems	Signed but not open	N/A	N/A	(616)293-6996
Brent Breems	Signed but not open	N/A	N/A	(616)293-6996
Brent Breems	Signed but not open	N/A	N/A	(616)293-6996
Ken Pasquariello	Signed but not open	N/A	N/A	(781)526-6233
Karina Gonzalas	Signed but not open	N/A	N/A	(954)394-5270

FRANCHISEE	STATUS	YEAR OF OPENING	ADDRESS	TELELPHONE NUMBER
Donato Magistro	Signed but not open	N/A	N/A	330-591-8954
Donato Magistro	Signed but not open	N/A	N/A	330-591-8954
Eric and Ashley Andres	Signed but not open	N/A	N/A	210-508-6428
Eric and Ashley Andres	Signed but not open	N/A	N/A	210-508-6428
Eric and Ashley Andres	Signed but not open	N/A	N/A	210-508-6428
Ricardo Chang	Signed but not open	N/A	N/A	832-682-6340
Ricardo Chang	Signed but not open	N/A	N/A	832-682-6340
Sunil Patel	Signed but not open	N/A	N/A	770-866-4790
Vivek Mohan	Signed but not open	N/A	N/A	856-735-1339
Roby Montz	Signed but not open	N/A	N/A	314-606-8216
Sean Carlton	Signed but not open	N/A	N/A	(248)957-8918
Sean Carlton	Signed but not open	N/A		(248)957-8918
Sean Carlton	Signed but not open	N/A		(248)957-8918
Sean Carlton	Signed but not open	N/A	N/A	248-957-8918
Mark Gerry	Signed but not Open	N/A	N/A	612-867-4393
Mark Gerry	Signed but not Open	N/A	N/A	612-867-4393
Mark Gerry	Signed but not Open	N/A	N/A	612-867-4393
Mark Gerry	Signed but not Open	N/A	N/A	612-867-4393
Robert Eisenburg	Signed but not open	N/A	N/A	818-917-3275
Paul & Joann Kim	Signed but not open	N/A	N/A	443- 695-0587
James Micheaer	Signed but not open	N/A	N/A	215-859-1883

EXHIBIT ~~D~~E

TO 1000° DEGREES PIZZERIA FRANCHISE INC. FRANCHISE DISCLOSURE DOCUMENT

FORMER FRANCHISEES

~~As of the issuance date of this Disclosure Document, there were no former System franchisees.~~ Below is a list of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with the franchisor within 10 weeks of the FDD issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Name	Location	Telephone Number	Notes
Wesley Spears	Mashantucket, CT	512-696-2222	Closed
Yichi Lin	Blacksburg, VA	570-620-7108	*Opened in 2017 without authorization. Closed in 2017.
Yichi Lin	Deptford, NJ	570-620-7108	Closed
Erick Ojeda	Millville, NJ	609-247-1688	Closed 2017
Lou Bani	Linden, NJ	908-693-8730	Closed 2017
Doug Dilday	Austin, TX	512-521-8503	Closed
Randy Kassab, Rudy Sawa, Martin Yono	Gilbert, AZ	248-866-8857	Closed
Mark Kassab	Plymouth Twp., MI	586-431-8300	Closed
Manish Khanna	Cherry Hill, NJ	732-735-1367	Closed
Amit Khanna	Marlton, NJ	917-770-8900	Closed
Nick Anagno and Julieanne Burtin	Delray Beach, FL	954-818-5264	Location Opened 11/2016; Closed 2017
Fat Boys LLC; Dave Lengel / Norm Rader	N/A	954-347-8903	This franchisee signed in 2015 and never opened. The agreement was mutually terminated.
Sean Carlton	Livonia, MI	517-404-1942	Closed

EXHIBIT F
TO 1000° DEGREES PIZZERIA FRANCHISE INC. FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

UNAUDITED FINANCIAL WARNING

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

1000 Degrees Pizzeria Inc.

BALANCE SHEET

As of April 30, 2017

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
BUSINESS CHECKING (XXXXXX 3431)	163,841.40
WF 1347	-12.13
WF 5311	2,495.91
WF 6836	1,626.90
Total Bank Accounts	**$167,952.08**
Accounts Receivable	
Accounts Receivable	54,641.12
Allowance	-4,733.00
Total Accounts Receivable	**$49,908.12**
Other Current Assets	
Accounts Receivable ADJ	0.00
Uncategorized Asset	0.00
Undeposited Funds	0.00
Total Other Current Assets	**$0.00**
Total Current Assets	**$217,860.20**
Fixed Assets	
Accumulated depreciation	-1,912.00
Fixed Asset	10,104.20
Total Fixed Assets	**$8,192.20**
TOTAL ASSETS	**$226,052.40**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	13,070.22
Total Accounts Payable	**$13,070.22**
Credit Cards	
WF 7365	4,727.35
Total Credit Cards	**$4,727.35**
Other Current Liabilities	
Accrued Expenses	26,868.00
Deferred revenue	2,353,483.00
Loan payable, line of credit	0.00
Loan payable, shareholder	0.00
Total Other Current Liabilities	**$2,380,351.00**
Total Current Liabilities	**$2,398,148.57**
Total Liabilities	**$2,398,148.57**
Equity	
Member's Draw	-1,491,481.50

	TOTAL
Opening Balance Equity	0.00
Retained Earnings	-735,087.86
Net Income	54,473.19
Total Equity	**$ -2,172,096.17**
TOTAL LIABILITIES AND EQUITY	**$226,052.40**

1000 Degrees Pizzeria Inc.

STATEMENT OF CASH FLOWS

January - April, 2017

	TOTAL
OPERATING ACTIVITIES	
Net Income	54,473.19
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Accounts Receivable	-11,886.42
Accounts Payable	-2,398.27
WF 7365	-271.59
Deferred revenue	266,000.00
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	**251,443.72**
Net cash provided by operating activities	**$305,916.91**
FINANCING ACTIVITIES	
Member's Draw	-168,495.74
Net cash provided by financing activities	**$ -168,495.74**
NET CASH INCREASE FOR PERIOD	**$137,421.17**
CASH AT BEGINNING OF PERIOD	30,530.91
CASH AT END OF PERIOD	**$167,952.08**

1000 DEGREES PIZZERIA FRANCHISE, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015 AND PERIOD FROM JUNE 19, 2014 (INCEPTION) THROUGH DECEMBER 31, 2014

1000 DEGREES PIZZERIA FRANCHISE, INC.
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 AND PERIOD FROM JUNE 19, 2014 (INCEPTION) THROUGH DECEMBER 31, 2014

Table of Contents

CITRINCOOPERMAN®
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Shareholder
1000 Degrees Pizzeria Franchise, Inc.

We have audited the accompanying financial statements of 1000 Degrees Pizzeria Franchise, Inc., which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of operations and changes in accumulated deficit, and cash flows for the years ended December 31, 2016 and 2015 and the period from June 19, 2014 (inception) through December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CITRINCOOPERMAN®
Accountants and Advisors

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 1000 Degrees Pizzeria Franchise, Inc. as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years ended December 31, 2016 and 2015 and the period from June 19, 2014 (inception) through December 31, 2014, in accordance with accounting principles generally accepted in the United States of America.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Philadelphia, Pennsylvania
July 26, 2017

1000 DEGREES PIZZERIA FRANCHISE, INC.
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Current assets:		
Cash	$ 25,532	$ 199,440
Accounts receivable, net of allowance for doubtful accounts of $4,733 in 2016 and $- in 2015	38,022	27,085
Total current assets	63,554	226,525
Property and equipment, net	8,192	7,681
TOTAL ASSETS	$ 71,746	$ 234,206
LIABILITIES AND SHAREHOLDER'S DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	$ 52,336	$ 124,293
Deferred franchise fees	2,087,483	1,656,205
Total liabilities	2,139,819	1,780,498
Commitments and contingencies (Note 7)		
Shareholder's deficit:		
Common stock - $0 par value; 1,500 shares authorized, issued and outstanding	-	-
Accumulated deficit	(2,068,073)	(1,546,292)
Total shareholder's deficit	(2,068,073)	(1,546,292)
TOTAL LIABILITIES AND SHAREHOLDER'S DEFICIT	$ 71,746	$ 234,206

See accompanying notes to financial statements.

1000 DEGREES PIZZERIA FRANCHISE, INC.
STATEMENTS OF OPERATIONS AND CHANGES IN ACCUMULATED DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 AND PERIOD FROM JUNE 19, 2014 (INCEPTION) THROUGH DECEMBER 31, 2014

	2016	2015	2014
Revenues:			
Royalty and other fee revenue	$ 340,988	$ 81,570	$ -
Franchise fees	297,500	175,667	-
Rebate income	93,729	-	-
Other revenue, net	4,488	-	-
Total revenues	736,705	257,237	-
Selling, general and administrative expenses	916,413	771,105	50,876
Loss from operations	(179,708)	(513,868)	(50,876)
Other income (expense), net:			
Interest income (expense), net	(674)	37	-
Net loss	(180,382)	(513,831)	(50,876)
Accumulated deficit - beginning	(1,546,292)	(50,876)	-
Distributions	(341,399)	(981,585)	-
ACCUMULATED DEFICIT - ENDING	$ (2,068,073)	$ (1,546,292)	$ (50,876)

See accompanying notes to financial statements.

1000 DEGREES PIZZERIA FRANCHISE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 AND PERIOD FROM JUNE 19, 2014 (INCEPTION) THROUGH DECEMBER 31, 2014

	2016	2015	2014
Cash flows from operating activities:			
Net loss	$ (180,382)	$ (513,831)	$ (50,876)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	1,420	492	-
Provision for losses on accounts receivable	4,733	-	-
Changes in assets and liabilities:			
Deferred franchise fees	431,278	1,617,205	39,000
Accounts receivable	(15,670)	(27,085)	-
Accounts payable and accrued expenses	(71,957)	111,388	12,905
Net cash provided by operating activities	169,422	1,188,169	1,029
Cash used in investing activities:			
Purchases of property and equipment	(1,931)	(8,173)	-
Cash used in financing activities:			
Distributions to shareholder	(341,399)	(981,585)	-
Net increase (decrease) in cash	(173,908)	198,411	1,029
Cash - beginning	199,440	1,029	-
CASH - ENDING	$ 25,532	$ 199,440	$ 1,029
Supplemental disclosures of cash flow information:			
Interest paid	$ 683	$ -	$ -

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and nature of operations

1000 Degrees Pizzeria Franchise, Inc. (the "Company") was formed on June 19, 2014, as a New Jersey corporation to obtain the licensing rights from Brian Petruzzi (the "Licensor"), President and CEO of the Company, and to offer and sell franchises under a license agreement for a business known as "1000 Degrees Pizzeria". Franchisees will operate a restaurant making and selling pizzas of various sizes and recipes, as well as soft drinks, for dine-in and carry out customers.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and cost recognition

Revenue principally consists of initial franchise fees known as admission fees and ongoing royalty and marketing. Franchise royalty and marketing fees are a percentage of franchisees' reported gross sales and are recognized as income when earned. Franchise fees received are deferred until the Company has performed all required initial services pursuant to the franchise agreement, at which time they are recognized as revenue. Royalty and marketing fees are recorded as the underlying franchisee revenue is received (generally upon the closing of the sale transaction). All other fees are to be earned as services are rendered.

The Company defers those direct and incremental costs associated with the sale of franchises for which revenue is deferred. Deferred costs are charged to earnings when the related deferred franchise fees are recognized in income.

Accounts receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of some of its franchisees to make required payments. Management considers the following factors when determining the collectibility of specific franchisee accounts: franchisee creditworthiness, past transaction history with the franchisee, and current economic industry trends. If the financial conditions of the Company's franchisees were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts for the years ended December 31, 2016 and 2015 was $4,733 and $-, respectively.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed as incurred and aggregated $321,471 and $318,491 for the years ended December 31, 2016 and 2015, respectively, and $35,739 for the period from June 19, 2014 (inception) through December 31, 2014.

Income taxes

The Company, with the consent of its shareholder, has elected to be treated as an S corporation as defined under Section 1371 of the Internal Revenue Code. The Company has made a similar election for income tax purposes in New Jersey. Therefore, the Company is not liable for federal or New Jersey corporate income taxes on its taxable income. Instead, the shareholder will be liable for individual income taxes on the Company's taxable income.

Uncertain tax positions

The Company follows accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not that the positions will be sustained upon examination by the taxing authorities. FASB ASC 740 also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

As of December 31, 2016 and 2015, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Additionally, the Company had no interest and penalties related to income taxes.

The Company files income tax returns in the U.S. federal jurisdiction and in various state jurisdictions.

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation. Expenditures for maintenance and repairs are expensed as incurred, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation is provided using the straight-line and various accelerated methods over the estimated useful lives of the assets, which are as follows:

Machinery and equipment	7 years
Furniture and fixtures	7 years

Recently issued but not yet effective accounting pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU will replace most existing revenue recognition guidance in U.S. GAAP, including industry specific guidance, when it becomes effective.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently issued but not yet effective accounting pronouncements (continued)
This new guidance is effective for years beginning after December 15, 2018. The Company is evaluating the effect that ASU 2014-09 will have on its financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). This update requires all leases with a term greater than 12 months to be recognized on the balance sheet through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. This new guidance is effective for years beginning after December 15, 2019, with early adoption permitted. The Company is evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures, but has not yet determined the timing of adoption.

Recently adopted accounting pronouncements
In August 2014, the FASB issued ASU No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15"), which amends FASB ASC 205, *Presentation of Financial Statements*. This update requires management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. The Company adopted ASU 2014-15 during the year ended December 31, 2016, which had no significant impact on the accompanying financial statements.

Subsequent events
The Company has evaluated all material subsequent events through July 26, 2017, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in these financial statements.

NOTE 2. FRANCHISED OUTLETS

The following data is presented representing the status of the Company's franchised outlets as of December 31 2016, 2015 and 2014:

	2016	2015	2014
Franchises sold	87	82	2
Franchised outlets in operation	19	9	-

NOTE 3. CONCENTRATIONS OF CREDIT RISK

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits, with major financial institutions and attempts to limit the amount of credit exposure with any one institution.

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of cash. The Company's cash is placed with a major financial institution. Management believes that this investment policy limits the Company's exposure to credit risk.

Concentration of credit risk with respect to receivables is limited due to the geographic dispersion of the Company's customer base. As of and for the year ended December 31, 2016, no single franchisee accounted for more than 10% of the Company's total accounts receivable or total revenue balances. As of and for the year ended December 31, 2015, four franchisees accounted for 74% of the Company's total accounts

NOTE 3. CONCENTRATIONS OF CREDIT RISK (CONTINUED)

receivable balance, and seven franchisees accounted for 87% of the Company's total revenue.

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2016 and 2015:

	2016	2015
Machinery and equipment	$ 7,807	$ 5,876
Furniture and fixtures	2,297	2,297
	10,104	8,173
Less: accumulated depreciation	1,912	492
Property and equipment, net	$ 8,192	$ 7,681

Depreciation expense was $1,420 and $492 for the years ended December 31, 2016 and 2015, respectively, and $0 for the period from June 19, 2014 (inception) through December 31, 2014.

NOTE 5. BRAND DEVELOPMENT FUND

The Company collects brand development fund fees from franchisees representing 2% of franchisees' gross sales in accordance with the signed franchise agreements ("Brand Development Fund"). These funds are utilized for the benefit of the franchisees, with a portion designated to offset the Company's administrative costs to administer the funds. Pursuant to the franchising arrangement, the Company will not be required to segregate and restrict monies collected on behalf of the Brand Development Fund. Under the terms of the Brand Development Fund, any expenditures are at the discretion of the Company.

NOTE 6. LICENSE AGREEMENT

On June 24, 2014, the Company entered into a 20-year fee-free exclusive license agreement with the Licensor, which will automatically renew for additional terms of 20 years after the initial 20-year term unless the parties mutually agree otherwise, for the use of the registered name "1000 Degrees Pizzeria." Pursuant to the license agreement, the Company has acquired the right to sell "1000 Degrees Pizzeria" franchises and to collect franchise fees and royalties from franchisees.

NOTE 7. COMMITMENTS AND CONTINGENCIES

Operating lease

The Company leases its principal office facility under a non-cancelable operating lease expiring on April 30, 2020. Lease payments under the lease are $2,602 per month. The Company is responsible for common area maintenance charges and operating expenses for the property.

NOTE 7. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating lease (continued)

At December 31, 2016, the future minimum payments under the non-cancelable operating lease are as follows:

Year ending December 31:	Amount
2017	$ 44,904
2018	51,744
2019	51,744
2020	17,248
Total	$ 165,640

Total rent expense for the years ended December 31, 2016 and 2015, were $35,975 and $37,194, respectively.

Litigation

Subsequent to December 31, 2016, in the ordinary course of its business, the Company received a dispute notice from a franchisee. The franchisee has commenced a civil action against the Company, and the dispute is in the preliminary stages. The Company vehemently denies the claims and intends to vigorously defend this matter. Neither the amount of liability, if any, nor a range of losses can be estimated due to the preliminary nature of the claim. Nevertheless, loss contingencies are subject to inherent uncertainties and unfavorable outcomes can occur. An unfavorable outcome could include money damages and, in such event, could result in a material adverse impact on the Company's financial position, results of operations or cash flows in the period in which the ruling occurs. Management presently believes that the ultimate outcome of this matter will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

1000 DEGREES PIZZERIA FRANCHISE, INC.

FINANCIAL STATEMENTS

**YEAR ENDED DECEMBER 31, 2015 AND
PERIOD FROM JUNE 19, 2014
(INCEPTION) THROUGH DECEMBER 31, 2014**

1000 DEGREES PIZZERIA FRANCHISE, INC.
FOR THE YEAR ENDED DECEMBER 31, 2015 AND PERIOD FROM JUNE 19, 2014 (INCEPTION) THROUGH DECEMBER 31, 2014

Table of Contents

INDEPENDENT AUDITOR'S REPORT

To the Shareholder
1000 Degrees Pizzeria Franchise, Inc.

We have audited the accompanying financial statements of 1000 Degrees Pizzeria Franchise, Inc., which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of operations and changes in accumulated deficit, and cash flows for the year ended December 31, 2015 and the period from June 19, 2014 (inception) through December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CITRIN COOPERMAN & COMPANY, LLP
529 FIFTH AVENUE NEW YORK, NY 10017 | TEL 212.697.1000 | FAX 212.697.1004 CITRINCOOPERMAN.COM
AN INDEPENDENT FIRM ASSOCIATED WITH MOORE STEPHENS

CITRINCOOPERMAN
Attest & Assurance | Tax Compliance & Research | Specialty & Consulting

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 1000 Degrees Pizzeria Franchise, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the year ended December 31, 2015 and the period from June 19, 2014 (inception) through December 31, 2014, in accordance with accounting principles generally accepted in the United States of America.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Philadelphia, Pennsylvania
July 5, 2016

1000 DEGREES PIZZERIA FRANCHISE, INC.
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Current assets:		
Cash	$ 199,440	$ 1,029
Accounts receivable	27,085	-
Total current assets	226,525	1,029
Property and equipment, at cost, less accumulated depreciation of $492 and $0 at 2015 and 2014, respectively	7,681	-
TOTAL ASSETS	$ 234,206	$ 1,029
LIABILITIES AND SHAREHOLDER'S DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	$ 124,293	$ 12,905
Deferred franchise fees	1,656,205	39,000
Total liabilities	1,780,498	51,905
Commitments and contingencies (Note 7)		
Shareholder's deficit:		
Common stock - $0 par value; 1,500 shares authorized, issued and outstanding	-	-
Accumulated deficit	(1,546,292)	(50,876)
Total shareholder's deficit	(1,546,292)	(50,876)
TOTAL LIABILITIES AND SHAREHOLDER'S DEFICIT	$ 234,206	$ 1,029

See accompanying notes to financial statements.

1000 DEGREES PIZZERIA FRANCHISE, INC.
STATEMENTS OF OPERATIONS AND CHANGES IN ACCUMULATED DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2015 AND PERIOD FROM JUNE 19, 2014 (INCEPTION) THROUGH DECEMBER 31, 2014

	2015	2014
Revenues:		
Royalties	$ 64,131	$ -
Franchise fees	175,667	-
Total revenues	239,798	-
Selling, general and administrative expenses	753,666	50,876
Loss from operations	(513,868)	(50,876)
Other income:		
Interest income	37	-
Net loss	(513,831)	(50,876)
Accumulated deficit - beginning	(50,876)	-
Distributions	(981,585)	-
ACCUMULATED DEFICIT - ENDING	$ (1,546,292)	$ (50,876)

See accompanying notes to financial statements.

1000 DEGREES PIZZERIA FRANCHISE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015 AND PERIOD FROM JUNE 19, 2014 (INCEPTION) THROUGH DECEMBER 31, 2014

	2015	2014
Cash flows from operating activities:		
Net loss	$ (513,831)	$ (50,876)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	492	-
Changes in assets and liabilities:		
Deferred franchise fees	1,617,205	39,000
Accounts receivable	(27,085)	-
Accounts payable and accrued expenses	111,388	12,905
Net cash provided by operating activities	1,188,169	1,029
Cash used in investing activities:		
Purchases of property and equipment	(8,173)	-
Cash used in financing activities:		
Distribution to shareholder	(981,585)	-
Net increase in cash	198,411	1,029
Cash - beginning	1,029	-
CASH - ENDING	$ 199,440	$ 1,029

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and nature of operations

1000 Degrees Pizzeria Franchise, Inc. (the "Company") was formed on June 19, 2014, as a New Jersey corporation to obtain the licensing rights from Brian Petruzzi (the "Licensor"), President and CEO of the Company, and to offer and sell franchises under a license agreement for a business known as "1000 Degrees Pizzeria". Franchisees will operate a restaurant making and selling pizzas of various sizes and recipes, as well as soft drinks, for dine-in and carry out customers.

Use of estimates

The preparation of a financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and cost recognition

Franchise royalties are a percentage of franchisees' reported gross sales and are recognized as income when earned. Franchise fees received are deferred until the Company has performed all required initial services pursuant to the franchise agreement, at which time they are recognized as revenue. All other fees are to be earned as services are rendered.

The Company defers those direct and incremental costs associated with the sale of franchises for which revenue is deferred. Deferred costs are charged to earnings when the related deferred franchise fees are recognized in income.

Accounts receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of some of its franchisees to make required payments. Management considers the following factors when determining the collectibility of specific franchisee accounts: franchisee creditworthiness, past transaction history with the franchisee, and current economic industry trends. If the financial conditions of the Company's franchisees were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There is no allowance for the year ended December 31, 2015.

Advertising

Advertising costs are expensed as incurred and aggregated $271,012 for the year ended December 31, 2015 and $35,739 for the period from June 19, 2014 (inception) through December 31, 2014.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

The Company, with the consent of its shareholder, has elected to be treated as an S corporation as defined under Section 1371 of the Internal Revenue Code. The Company has made a similar election for income tax purposes in New Jersey. Therefore, the Company is not liable for federal or New Jersey corporate income taxes on its taxable income. Instead, the shareholder will be liable for individual income taxes on the Company's taxable income.

Uncertain tax positions

The Company follows accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not that the positions will be sustained upon examination by the taxing authorities. FASB ASC 740 also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

As of December 31, 2015 and 2014, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Additionally, the Company had no interest and penalties related to income taxes.

The Company files income tax returns in the U.S. federal jurisdiction and in various state jurisdictions. Income tax returns are generally subject to examination by taxing authorities for up to three years after the filing of such returns.

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation. Expenditures for maintenance and repairs are expensed as incurred, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation is provided using the straight-line and various accelerated methods over the estimated useful lives of the assets, which are as follows:

Machine and equipment	7 years
Furniture and fixtures	7 years

Subsequent events

The Company has evaluated all material subsequent events through July 5, 2016, the date on which the financial statements were available to be issued. Except as disclosed in Note 7, there were no material subsequent events that required recognition or disclosure in the financial statements.

NOTE 2. FRANCHISED OUTLETS

The following data is presented representing the status of the Company's franchised outlets as of December 31:

	2015	2014
Franchises sold	82	2
Franchised outlets in operation	9	-

NOTE 3. CONCENTRATION OF CREDIT RISK

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits, with major financial institutions and attempts to limit the amount of credit exposure with any one institution.

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of cash. The Company's cash is placed with a major financial institution. Management believes that this investment policy limits the Company's exposure to credit risk.

Concentration of credit risk with respect to receivables is limited due to the geographic dispersion of the Company's customer base. For the year ended December 31, 2015, four franchisees accounted for 74% of the Company's total accounts receivable balance, and seven franchisees accounted for 87% of the Company's total revenue.

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2015:

Machinery and equipment	$ 5,876
Furniture and fixtures	2,297
	8,173
Less: accumulated depreciation	(492)
Property and equipment, net	$ 7,681

Depreciation expense was $492 and $0 for the years ended December 31, 2015 and 2014, respectively.

NOTE 5. BRAND DEVELOPMENT FUND

The Company collects brand development fund fees from franchisees representing 2% of franchisees' gross sales in accordance with the signed franchise agreements ("Brand Development Fund"). These funds are utilized for the benefit of the franchisees, with a portion designated to offset the Company's administrative costs to administer the funds. Pursuant to the franchising arrangement, the Company will not be required to segregate and restrict monies collected on behalf of the Brand Development Fund. Under the terms of the Brand Development Fund, any expenditures are at the discretion of the Company.

NOTE 6. LICENSE AGREEMENT

On June 24, 2014, the Company entered into a 20-year fee-free exclusive license agreement with the Licensor, which will automatically renew for additional terms of 20 years after the initial 20-year term unless the parties mutually agree otherwise, for the use of the registered name "1000 Degrees Pizzeria." Pursuant to the license agreement, the Company has acquired the right to sell "1000 Degrees Pizzeria " franchises and to collect franchise fees and royalties from franchisees.

NOTE 7. COMMITMENTS AND CONTINGENCIES

Operating lease

The Company leases its principal office facility under a non-cancelable operating lease expiring on April 30, 2017. Lease payments under the lease are $2,602 per month. The Company is responsible for common area maintenance charges and operating expenses for the property.

At December 31, 2015, the future minimum payments under the non-cancelable operating lease are as follows:

Year ending December 31:		Amount
2016	$	31,224
2017		10,408
Total	$	41,632

Total rent expense for the year ended December 31, 2015, was $37,194.

Litigation

Subsequent to December 31, 2015, in the ordinary course of its business, the Company received a dispute notice from a franchisee. No formal suit has been filed and the dispute is in the preliminary stages. The Company vehemently denies the claims and intends to vigorously defend this matter. Neither the amount of liability, if any, nor a range of losses can be estimated due to the preliminary nature of the claim. Nevertheless, loss contingencies are subject to inherent uncertainties and unfavorable outcomes can occur. An unfavorable outcome could include money damages and, in such event, could result in a material adverse impact on the Company's financial position, results of operations or cash flows in the period in which the ruling occurs. Management presently believes that the ultimate outcome of this matter will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

EXHIBIT G
TO 1000° DEGREES PIZZERIA FRANCHISE INC. FRANCHISE DISCLOSURE DOCUMENT

SAMPLE RELEASE

SAMPLE GENERAL RELEASE

This General Release (the "Release") is made this _______day of _________, ______, by and between **1000° DEGREES PIZZERIA FRANCHISE INC. ("**DPF"), and ____________________, ("Franchisee") and ________ ("Guarantor").

BACKGROUND

A. On ________, _____, Franchisee entered into a franchise agreement (the "Franchise Agreement") with DPF for the right to operate an **1000° DEGREES PIZZERIA ™** Restaurant at_____________ (the "Restaurant").

B. In order to induce DPF to enter into the Franchise Agreement with Franchisee, on ________, _____, Guarantor executed a guarantee (the "Guarantee") under which Guarantor agreed to personally guarantee, and act as a surety for, Franchisee's obligations to DPF under the Franchise Agreement.

C. Franchisee wishes to *[enter into a Successor Franchise Agreement; assign its rights and duties under the Franchise Agreement]* and has agreed to execute this Release as a condition of obtaining the consent of DPF in connection with the *[entry into the Successor Franchise Agreement; or assignment]*.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Release. Franchisee, Guarantor, and all persons and entities claiming by, through or under them, release, acquit and forever discharge DPF and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "DPF Releasees") from any and all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, judgments, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which they, by themselves, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the DPF Releasees arising out of or related to the offer, sale and/or operation of the Restaurant, and the parties' rights or obligations under the Franchise Agreement and Guarantee, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

2. This Release shall not be amended or modified unless such amendment or modification is signed by DPF, Franchisee and Guarantors. Franchisee and Guarantors acknowledge that the terms of this Release have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel.

3. In the event that DPF retains the services of legal counsel to enforce the terms of this Release, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Release.

I HAVE READ THE ABOVE RELEASE AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS RELEASE IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

1000° DEGREES PIZZERIA FRANCHISE, INC.:

Attest:_____________ By:____________________________________

Franchisee:

Attest:_____________ By:____________________________________

Guarantor:

Witness:_____________ By:____________________________________
, individually

Witness:_____________ By:____________________________________
, individually

EXHIBIT ~~G~~H
TO 1000° DEGREES PIZZERIA FRANCHISE INC. FRANCHISE DISCLOSURE DOCUMENT

~~MULTI-~~

STATE SPECIFIC ADDENDA

!

ADDENDUM TO 1000 DEGREES PIZZERIA FRANCHISE, INC.
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, Cal. ~~Corporations~~ Cor- porations Code Sections 31000 et seq. the Franchise Disclosure Document for 1000 DEGREES PIZZERIA FRANCHISE, INC. for use in the state of California shall be amended as follows:

The FDD is hereby amended to include the following statement:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE **DOCUMENT.**

1000 DEGREES PIZZERIA FRANCHISE, INC. WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT: ~~WWW.DBO.CA.GOV.~~ **WWW.DBO.CA.GOV.**

ITEM 3. shall be supplemented to include the following:

Neither 1000 DEGREES PIZZERIA FRANCHISE, INC., nor any person or franchise broker in Item 2 of the Disclosure Document, is subject to any currently effective order or any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15. U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

ITEMS 5 & 7 shall be supplemented to include the following:

If your Franchised Business will be located or operated in California, the following shall apply: The California Department of Business Oversight (the “Department”) has ~~determined~~ deter- mined that the franchisor, 1000 DEGREES PIZZERIA FRANCHISE, INC. (“Franchisor”) does not demonstrate a present financial ability to meet obligations stated in the FDD without relying on the proposed franchisee’s funds. Accordingly, the franchisee’s obligation to pay the initial franchise fee shall be deferred until the franchisee is open for business. Section 5.1 of the Franchise Agreement is hereby amended accordingly.
~~Franchise Agreement is hereby amended accordingly.~~

ITEM 17. shall be supplemented to include the following:

California Business and Professions Code Sections 20000 through 20043 (the “Law”) provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the Law, the Law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

If the franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code ~~Section~~ Sec- tion 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires binding arbitration. The arbitration will occur in New Jersey with each respective party paying their own costs.

The franchise agreement requires application of the laws of New Jersey. This provision may not be enforceable under California law.

ITEM 19. shall be amended to include the following:

"The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent ~~investigation~~ in- vestigation of the costs and expenses you will incur in operating your 1000 ~~DEGREES~~ DE- GREES PIZZERIA™ franchised business. Franchisees or former franchisees, listed **in the Disclosure Document, may be one source of this information."**

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement.

You must sign a general release of claims if you renew or transfer your franchise. ~~California~~ Cali- fornia Corporations Code Section 31512 voids a waiver of your rights under the ~~Franchise~~ Fran- chise Investment Law (California Corporations Code Sections 31000 Through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this________ ____________________ day of_______________, ____, 20___. ___.

1000 DEGREES PIZZERIA FRANCHISE, INC.

By:_______________________________________

Print Name:

Title:

FRANCHISEE:

By:

Print Name:

Title:

DISCLOSURE REQUIRED BY THE STATE OF ILLINOIS

Items 5 & 7 shall be supplemented to include the following:

The Illinois Attorney General's Office has imposed a deferral requirement because of the franchisor, 1000 DEGREES PIZZERIA FRANCHISE, INC.'s ("Franchisor") financial condition. Accordingly, the franchisee's obligation to pay the initial fees shall be deferred until the franchisee commences doing business.

Item 17

Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/19 to 705/20, provides rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

Illinois law governs the Franchise Agreement. Litigation must be in Illinois courts.

Illinois Franchise Agreement Amendment

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 to 705/45, and Ill. Admin. Code tit. 15, §200.100 et seq., the parties to the attached **1000° Degrees Pizzeria Franchise, Inc**. Franchise Agreement (the "Agreement") agree as follows:

1. Section 5.1 of the Franchise Agreement is hereby amended to include the following provision:

"The Illinois Attorney General's Office has imposed a deferral requirement because of the franchisor, 1000 DEGREES PIZZERIA FRANCHISE, INC.'s ("Franchisor") financial condition. Accordingly, the franchisee's obligation to pay the initial franchise fee and other initial fees payable to the Franchisor or its affiliate(s) shall be deferred until you commence doing business."

~~3.~~

3. The Franchise Agreement is hereby amended to include the following provisions:

~~a.~~

a. Illinois law governs the Franchise Agreement. Litigation must be in Illinois courts.

~~b.~~

b. Waivers void. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

~~4.~~

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act (815 4. ILCS 705/1 to 705/45) are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Illinois Franchise Agreement Amendment on the same date as the Franchise Agreement was executed.

FRANCHISOR:
1000° Degrees Pizzeria Franchise, Inc.

By:
Print Name:
Title:

FRANCHISEE:

By:
________Print Name:

Title:____________________________________

ADDENDUM TO 1000 DEGREES PIZZERIA FRANCHISIE, INC.
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MARYLAND

For franchises and Franchisees subject to the Maryland Franchise Registration and Disclosure Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the **1000 DEGREES PIZZERIA FRANCHISIE, INC.** Franchise Disclosure Document.

~~Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the 1000 DEGREES PIZZERIA FRANCHISIE, INC.~~

Items 5 & 7

The franchisee's obligation to pay the initial fees to franchisor, including payments for goods and services, shall be deferred until the franchisee is open for business.

~~Franchise Disclosure Document.~~

Item 17

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Any general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be further amended by the addition of the following language to the summary of Provision "h":

Termination upon bankruptcy may not be enforceable under federal bankruptcy law, 11 U.S.C. Section 101 et seq.

ADDENDUM TO 1000 DEGREES PIZZERIA FRANCHISIE, INC. FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND

This Amendment shall pertain to franchises sold in the State of Maryland and shall be for the purpose of complying with Maryland statutes and regulations. Notwithstanding anything which may be contained in the body of the **1000 DEGREES PIZZERIA FRANCHISIE, INC.** Franchise Agreement (the "Agreement") to the contrary, the Agreement shall be amended as follows:

Any general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law requires the franchisor to file an irrevocable consent to be sued in Maryland. To the extent that the Franchise Agreement contains any provision requiring a franchisee to file any lawsuit against the franchisor only in a court in the State of New Jersey, such provision is amended to permit the franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law (the ~~Franchise Law).~~ "Franchise Law").

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. To the extent the Franchise Agreement requires you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law in order to purchase your franchise, the Franchise Agreement is amended to provide that such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Pursuant to COMAR 02.02.08.16L, a general release required under the Franchise Agreement as a condition of renewal, sale and/or assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
~~Maryland Franchise Registration and Disclosure Law.~~

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Section 5.1 of the Franchise Agreement is hereby amended to include the following provision: "Your obligation to pay the initial franchise fee and all other fees you are required to pay to us, including payments for goods and services received from us before you open the Franchised Business, shall be deferred until you open for business."

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum to the **1000 DEGREES PIZZERIA FRANCHISIE, INC.** Franchise Agreement dated this ________ day of ____________, ____, 20___.

1000 DEGREES PIZZERIA FRANCHISE, INC.

By:
________Print Name:

____

Title:___________________________

FRANCHISEE:

By: ______________________________

Print Name: ______________________________

MINNESOTA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MINNESOTA

ADDITIONAL RISK FACTORS:

1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Minnesota Addendum to Franchise Disclosure Document

In recognition of the requirements of the Minnesota Franchise Act, the Franchise Disclosure Document for 1000° Degrees Pizzeria Franchise, Inc. for use in the State of Minnesota shall be amended as follows:

1. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

3. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

6. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

7. Items 5 & 7 of the FDD are hereby amended to include the following disclosure: The Minnesota Department of Commerce (the "MN Department") has determined that, due to the current deficit ratio of current assets to current liabilities in the franchisor, 1000 Degrees Pizzeria Franchise, Inc.'s ("Franchisor") most recent audited financial statement, Franchisor is required to comply with a financial assurance condition as a condition of registration with the state of Minnesota. Accordingly, the franchisee's obligation to pay the initial franchise fee and other initial fees shall be deferred until the franchisee is open for business.

**Minnesota Addendum to the 1000° Degrees Pizzeria Franchise, Inc.
Franchise Agreement**

In recognition of the requirements of the Minnesota Statutes, Chapter 80C. and Minnesota Franchise Rules, Chapter 2860, the parties to the attached 1000° Degrees Pizzeria Franchise, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. **Applicability.** We and you are parties to that certain Franchise Agreement dated ____________, 20____ that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Agreement. This Addendum is signed because (a) the Restaurant you will develop and operate under the Agreement will be located in Minnesota; or (b) any of the offering or sales activity relating to the Agreement occurs in Minnesota.

2. **Release on Renewal.** Section 3.2.7 of the Agreement regarding the Successor Franchise Agreement, is hereby amended to include the following provision at the end of this Section:

   "; provided, however, that all rights enjoyed by you and any causes of action arising in its favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied;"

3. **Termination and Renewal.** Section 3 of the Agreement, regarding Successor Franchise Agreement, and Section 16.2 regarding termination, are hereby amended to include the following:

   "Notwithstanding the foregoing, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given:

   (a) 90 days' notice of termination with 60 days to cure; and
   (b)180 days' notice of nonrenewal of this Agreement."

4. Section 5.1 of the Agreement, regarding "Initial Franchise Fee", is hereby amended to include the following provision: "The Minnesota Department of Commerce (the "MN Department") has determined that, due to the current deficit ratio of current assets to current liabilities in the franchisor, 1000 Degrees Pizzeria Franchise, Inc.'s ("Franchisor") most recent audited financial statement, Franchisor is required to comply

with a financial assurance condition as a condition of registration with the state of Minnesota. Accordingly, the franchisee's obligation to pay the initial franchise fee and other initial fees payable to the Franchisor or its affiliate shall be deferred until the franchisee is open for business."

5. **Consent to Transfer.** Section 15.2 of the Agreement, regarding Transfer by You, is hereby amended to include the following provision: "Notwithstanding the foregoing, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that the consent to transfer of the franchise will not be unreasonably withheld."

6. **Infringement.** Section 10.3 of the Agreement, regarding Infringement, is hereby amended to include the following: "Franchisor agrees to protect Franchisee, to the extent required by the Minnesota Franchise Act, against claims of infringement or unfair competition with respect to Franchisee's use of the Marks when, in the opinion of Franchisor's counsel, Franchisee's rights warrant protection pursuant to Section 10.3 of this Agreement."

7. **Applicable Law.** Section 24.1 is hereby amended to include the following: "Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide."

8. **Consent to Jurisdiction.** Section 24.1.1 is hereby amended to include the following provision: "Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

9. **Limitation of Actions.** Under Section 24.8, **Limitation of Actions**, the following is added: "provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues."

10. **Jury Trial; Class Action; Waiver of Punitive Damages.** Section 24.7.1, **Jury Trial**, Section 24.7.2, Damage Waiver, and Section 24.11, No Class or Collective Actions, are hereby amended to include the following provision: "If, and then only to the extent required by Minnesota Franchises Law, Sections 24.7.1, 24.7.2 and 24.11 of the Agreement are hereby deleted."

11. **Injunctive Relief**. Section 24.10 of the Agreement is hereby deleted and replaced with the following: "Nothing in this Agreement bars either party's right to seek injunctive relief against conduct that threatens to injure or harm the other under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may seek such injunctive relief. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and you hereby expressly waive any claim for damages caused by such injunction. A court will determine if a bond is required."

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Addendum to the Franchise Agreement as of the Effective Date of the Franchise Agreement.

FRANCHISOR:
1000° Degrees Pizzeria Franchise, Inc.

By: ______________________
Title: ______________________
Signature: ______________________

FRANCHISEE:

By: ______________________
Title: ______________________
Signature: ______________________
Address: ______________________

Minnesota Addendum to the 1000° Degrees Pizzeria Franchise, Inc. Development Agreement

In recognition of the requirements of the Minnesota Statutes, Chapter 80C. and Minnesota Franchise Rules, Chapter 2860, the parties to the attached 1000° Degrees Pizzeria Franchise, Inc. Development Agreement (the "Agreement") agree as follows:

1. **Applicability.** We and you are parties to that certain Development Agreement dated ______________, 20____ that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Agreement. This Addendum is signed because (a) the Restaurants you will develop and operate pursuant to this Agreement will be located in Minnesota; or (b) any of the offering or sales activity relating to the Agreement occurs in Minnesota.

2. Section 2.1 of the Agreement, regarding "Development Fee & Initial Franchise Fee", is hereby amended to include the following provision: "The Minnesota Department of Commerce (the "MN Department") has determined that, due to the current deficit ratio of current assets to current liabilities in the franchisor, 1000 Degrees Pizzeria Franchise, Inc.'s ("Franchisor") most recent audited financial statement, Franchisor is required to comply with a financial assurance condition as a condition of registration with the state of Minnesota. Accordingly, the developer's obligation to pay the development fee, initial franchise fees, and other initial fees payable to the Franchisor or its affiliate shall be deferred until the developer is open for business."

3. **Termination.** Section 5.2 of the Agreement regarding termination, is hereby amended to include the following:

"Notwithstanding the foregoing, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given:

(a) 90 days' notice of termination with 60 days to cure; and
(b)180 days' notice of nonrenewal of this Agreement."

4. **Consent to Transfer.** Section 6.2 of the Agreement, regarding Assignment by You, is hereby amended to include the following provision: "Notwithstanding the foregoing, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that the consent to transfer of the franchise will not be unreasonably withheld."

5. **Applicable Law.** Section 9.1.1 is hereby amended to include the following: "Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide."

6. **Consent to Jurisdiction.** Section 9.1.1 is hereby amended to include the following provision: "Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

7. **Limitation of Actions.** Under Section 9.1.3, the following is added: "provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues."

8. **Jury Trial; Class Action; Waiver of Punitive Damages.** Section 9.1.5, Jury Trial, Section 9.1.6, Damage Waiver, and Section 9.1.9, No Class or Collective Actions, are hereby amended to include the following provision: "If, and then only to the extent required by Minnesota Franchises Law, Sections 9.1.5, 9.1.6 and 9.1.9 of the Agreement are hereby deleted."

9. **Injunctive Relief**. The Agreement is hereby amended to include the following provision: "Notwithstanding anything contained in this Agreement to the contrary, nothing in this Agreement bars either party's right to seek injunctive relief against conduct that threatens to injure or harm the other under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may seek such injunctive relief. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and you hereby expressly waive any claim for damages caused by such injunction. A court will determine if a bond is required. To the extent any provision in the Agreement conflicts with this provision, the terms of this provision shall control."

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Addendum to the Development Agreement as of the Effective Date of the Development Agreement.

FRANCHISOR:
1000° Degrees Pizzeria Franchise, Inc.

By: ____________________________
Title: __________________________
Signature: ______________________

FRANCHISEE:

By: ____________________________
Title: __________________________
Signature: ______________________
Address: ________________________

SOUTH DAKOTA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF SOUTH DAKOTA

The South Dakota Division of Securities (the "Division") has determined that 1000° Degrees Pizzeria Franchise, Inc.'s ("Franchisor" or the "Company") financial condition is not adequate to fulfill its obligations to franchisees at this time. The Franchise Disclosure Document for use in the State of South Dakota shall be amended as follows:

1. Items 5 & 7 of the FDD are hereby amended to include the following disclosure: The Division has determined that, due to the current deficit ratio of current assets to current liabilities in Franchisor's most recent audited financial statement, Franchisor is required to comply with a financial assurance condition as a condition of registration with the state of South Dakota. Accordingly, the franchisee's obligation to pay the initial franchise fee and other initial fees payable to the Franchisor or its affiliates shall be deferred until the franchisee is open for business.

South Dakota Addendum to the 1000° Degrees Pizzeria Franchise, Inc.
Franchise Agreement

In recognition of the determination of the South Dakota Division of Securities (the "Division") that 1000° Degrees Pizzeria Franchise, Inc.'s ("Franchisor" or the "Company") financial condition is not adequate to fulfill its obligations to franchisees at this time, the Franchise Agreement for use in the State of South Dakota shall be amended as follows:

4. Section 5.1 of the Agreement, regarding "Initial Franchise Fee", is hereby amended to include the following provision: "The South Dakota Division of Securities (the "Division") has determined that, due to the financial condition of 1000 Degrees Pizzeria Franchise, Inc. ("Franchisor") as reflected in the most recent audited financial statements, Franchisor is required to comply with a financial assurance condition as a condition of registration with the state of South Dakota. Accordingly, the franchisee's obligation to pay the initial franchise fee and other initial fees payable to the Franchisor or its affiliate shall be deferred until the franchisee is open for business."

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this South Dakota Addendum to the Franchise Agreement as of the Effective Date of the Franchise Agreement.

FRANCHISOR:
1000° Degrees Pizzeria Franchise, Inc.

By: ______________________
Title: ______________________
Signature: ______________________

FRANCHISEE:

By: ______________________
Title: ______________________
Signature: ______________________
Address: ______________________

**South Dakota Addendum to the 1000° Degrees Pizzeria Franchise, Inc.
Development Agreement**

In recognition of the determination of the South Dakota Division of Securities (the "Division") that 1000° Degrees Pizzeria Franchise, Inc.'s ("Franchisor" or the "Company") financial condition is not adequate to fulfill its obligations to franchisees at this time, the Development Agreement for use in the State of South Dakota shall be amended as follows:

1. Section 2.1 of the Agreement, regarding "Development Fee & Initial Franchise Fee", is hereby amended to include the following provision: "The South Dakota Division of Securities (the "SD Division") has determined that, due to the condition of 1000 Degrees Pizzeria Franchise, Inc.'s ("Franchisor") most recent audited financial statements, Franchisor is required to comply with a financial assurance condition as a condition of registration with the state of South Dakota. Accordingly, the developer's obligation to pay the development fee, initial franchise fees, and other initial fees payable to the Franchisor or its affiliate shall be deferred until the developer is open for business."

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this South Dakota Addendum to the Development Agreement as of the Effective Date of the Development Agreement.

FRANCHISOR:
1000° Degrees Pizzeria Franchise, Inc.

By: ______________________________
Title: ______________________________
Signature: ______________________________

FRANCHISEE:

By: ______________________________
Title: ______________________________
Signature: ______________________________
Address: ______________________________

ADDENDUM TO 1000 DEGREES PIZZERIA FRANCHISIE, INC~~.~~.!
FRANCHISE DISCLOSURE DOCUMENT& FRANCHISE AGREEMENT REQUIRED BY THE STATE OF VIRGINIA!

This Amendment shall pertain to franchises sold in the State of Virginia and shall be for the purpose of complying with the Virginia Retail Franchising Act~~.~~.!

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for 1000 DEGREES PIZZERIA FRANCHISIE, INC. for use in the Commonwealth of Virginia shall be amended as follows~~:~~:!

ITEMS 5 & 7 of the Franchise Disclosure Document and Section 5.1 of the Franchise Agreement are hereby amended to include the following:!
~~Agreement are hereby amended to include the following:~~

!
The Virginia Division of Securities and Retail Franchising (the “Division”) requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement. Accordingly, the franchisee’s obligation to pay the initial franchise fee shall be deferred until the franchisee is open for business.
~~Franchise Agreement. Accordingly, the franchisee’s obligation to pay the initial franchise fee shall be deferred until the franchisee is open for business.~~

!
Item 17(h) of the Franchise Disclosure Document shall be amended to include the following disclosure: !
~~disclosure:~~
“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,”! as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable~~.”~~.”!

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this________ ______________________day of________________, _____, 20___. ____.!

1000 DEGREES PIZZERIA FRANCHISIE, INC~~.~~.!

By: ! ! ! ! ! ! ! !
Print Name: ! ! ! ! ! ! !
Title~~:~~:! ! ! ! ! ! ! !

FRANCHISEE~~:~~:!

By: ! ! ! ! ! ! ! !
Print Name: ! ! ! ! ! ! !
Title~~:~~:! ! ! ! ! ! ! !

ADDENDUM TO 1000 DEGREES PIZZERIA FRANCHISE, INC. DISCLOSURE DOCUMENT FOR THE STATE OF NEW YORK

The following information applies to franchises and franchisees subject to New York statutes and regulations. Item numbers correspond to those in the main body.

Item 3.

Except as otherwise disclosed in this Item 3, neither we, our affiliates nor any person identified in Item 2 of this Disclosure Document:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations, including pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4.
Neither we nor any of our predecessors, officers or general partners has during the 10 year period immediately preceding the date of the Disclosure Document been adjudged bankrupt or reorganized due to insolvency or was a principal officers of any company or a general partner in any partnership that was adjudged bankrupt or reorganized due to insolvency during or within 1 year after the period that such officer or general partner of us held such position in such company or partnership, or whether any such bankruptcy or reorganization proceeding has been commenced.

Item 17(j)
The Franchise Agreement is fully assignable by us, however, no assignment will be made except to an assignee who in the good faith judgment of the franchisor is willing and able to assume the franchisor's obligations.

Item 17(w)
The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or franchisee by the General Business law of the State of New York, Article 33.

ADDENDUM TO 1000 DEGREES PIZZERIA FRANCHISE, INC. DISCLOSURE DOCUMENT FOR THE STATE OF NORTH DAKOTA

The following applies to franchises and franchisees subject to North Dakota statutes and regulations. Item numbers correspond to those in the main body:

Item 17.

1. Covenants not to compete such as those mentioned in Item 17 may be subject to Section 9-08-06 of the North Dakota Century Code and unenforceable in the State of North Dakota if contrary to Section 9-08-06.

2. Notwithstanding anything contained in Article 24 of the Franchise Agreement and Article 8 of the Development Agreement, any arbitration proceeding will take place in the city nearest to your Franchised Restaurant in which AAA maintains an office and facility for arbitration, or at such other location as may be mutually agreed upon by the parties.

3. Any claims under the North Dakota Franchise Investment Law may be brought in the State of North Dakota.

4. The North Dakota Securities Commissioner has held that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota or requiring the franchisee to consent to a limitation of claims are unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

5. The North Dakota Securities Commissioner has held that franchise agreements, which specify that they are to be governed by the laws of a state other than North Dakota, are unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the Franchise Agreement and Area Development Agreement will be governed by North Dakota law.

6. You will not be required to sign a general release if you renew your franchise since such requirement is unenforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.

7. The North Dakota Securities Commissioner has held that a waiver of trial by jury is unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, any such waiver in the Franchise Agreement and Area Development Agreement is unenforceable.

AMENDMENT TO
1000 DEGREES PIZZERIA FRANCHISE, INC.
FRANCHISE AGREEMENT FOR THE
STATE OF NORTH DAKOTA

This Amendment pertains to franchises sold in the State of North Dakota and is for the purpose of complying with North Dakota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. Pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, a franchisee may not be required to sign a general release as a condition of renewal under Article 4.B(vii) of the Franchise Agreement. Accordingly, Article 3.2.7 is hereby deleted.

2. Notwithstanding anything contained in Article 24.3 of the Franchise Agreement, any arbitration proceeding must take place in the city nearest to the your BUSINESS in which AAA maintains an office and facility for arbitration, or at such other location as may be mutually agreed upon by the parties.

3. Article 24.1 of the Franchise Agreement is revised by replacing "New Jersey" with "North Dakota."

4. Covenants not to compete such as those mentioned in Article 18 of the Franchise Agreement may be subject to Section 9-08-06 of the North Dakota Century Code and unenforceable in the State of North Dakota if contrary to Section 9-08-06.

5. The North Dakota Securities Commissioner has held that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, Article 24.2 and 24.3 of the Franchise Agreement are amended to provide that you agree that we may institute any action against you in any state or federal court of general jurisdiction in North Dakota and you irrevocably submit to the jurisdiction of such courts and waive any objection you (or he or she) may have to either the jurisdiction of or venue in such courts.

6. Article 24.7.1 and 24.7.2 (Waiver of Punitive Damages, Jury Trial and Class Actions) is hereby deleted from the Franchise Agreement.

7. Section 24.8.2 (Limitations of Claims) is hereby deleted from the Franchise Agreement.

8. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Amendment.

9. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Amendment and consents to be bound by all of its terms.

Franchisee:

By: ______________________________
Print Name: ______________________________
Title: ______________________________

1000 Degrees Pizzeria Franchise, Inc.

By: ______________________________
Print Name: ______________________________
Title: ______________________________

AMENDMENT TO
1000 DEGREES PIZZERIA FRANCHISE, INC.
DEVELOPMENT AGREEMENT FOR THE
STATE OF NORTH DAKOTA

This Amendment pertains to franchises sold in the State of North Dakota and is for the purpose of complying with North Dakota statutes and regulations. Notwithstanding anything which may be contained in the body of the Development Agreement to the contrary, the Agreement is amended to include the following:

1. Covenants not to compete such as those mentioned in Article 13 of the Development Agreement may be subject to Section 9-08-06 of the North Dakota Century Code and unenforceable in the State of North Dakota if contrary to Section 9-08-06.

2. Notwithstanding anything contained in Article 8.2 of the Development Agreement, any arbitration proceeding must take place in the city nearest to the your BUSINESS in which AAA maintains an office and facility for arbitration, or at such other location as may be mutually agreed upon by the parties.

3. Article 9.1.1 of the Development Agreement is revised to provide that the Agreement shall be governed by "North Dakota" law.

4. The North Dakota Securities Commissioner has held that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, Article 9.1.1 of the Development Agreement is deleted to replaced with the following:

"Subject to Article 9.1.1 hereof, you agree that we may institute any action against you in any state or federal court of general jurisdiction in North Dakota and you irrevocably submit to the jurisdiction of such courts and waive any objection you (or he or she) may have to either the jurisdiction of or venue in such courts. This Agreement shall be governed by North Dakota Law, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those laws."

5. Section 9.1.5, 9.1.6 and 9.1.9 (Waiver of Punitive Damages, Jury Trial and Class Actions) is hereby deleted from the Development Agreement.

6. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Amendment.

7. Except as amended herein, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Amendment and consents to be bound by all of its terms.

DEVELOPER:

By: ______________________________
Print Name: ______________________________
Title: ______________________________

1000 Degrees Pizzeria Franchise, Inc.

By: ______________________________
Print Name: ______________________________
Title: ______________________________

ADDENDUM TO 1000 DEGREES PIZZERIA FRANCHISE, INC. DISCLOSURE DOCUMENT FOR THE STATE OF RHODE ISLAND

The following applies to franchises and franchisees subject to Rhode Island statutes and regulations. Item numbers correspond to those in the main body of the Disclosure Document:

Item 17.

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this State or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

AMENDMENT TO 1000 DEGREES PIZZERIA FRANCHISE, INC. FRANCHISE AGREEMENT FOR THE STATE OF RHODE ISLAND

This Amendment pertains to franchises sold in the State of Rhode Island and is for the purpose of complying with Rhode Island statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Franchisee:

By: ______________________
Print Name: ______________________
Title: ______________________

1000 Degrees Pizzeria Franchise, Inc.

By: ______________________
Print Name: ______________________
Title: ______________________

ADDENDUM TO 1000 Degrees Pizzeria Franchise, Inc.
DISCLOSURE DOCUMENT FOR THE STATE OF WASHINGTON

1. Item 17 of the Franchise Disclosure Document is hereby amended by the addition of the following language:

Washington law RCW 19.100.180(2)(i) and (j) provides certain rights and remedies to franchisees in connection with termination or renewal of a franchise. More specifically, Washington law provides that it is unlawful for a franchisor to:

(i) Refuse to renew a franchise without fairly compensating the franchisee for the fair market value, at the time of expiration of the franchise, of the franchisee's inventory, supplies, equipment, and furnishings purchased from the franchisor, and goodwill, exclusive of personalized materials which have no value to the franchisor, and inventory, supplies, equipment and furnishings not reasonably required in the conduct of the franchised business; provided, that compensation need not be made to the franchisee for goodwill if (i) the franchisee has been given one year's notice of nonrenewal, and (ii) the franchisor agreed in writing not to enforce any covenant which restrains the franchisee from competing with the franchisor; provided further, that the franchisor may offset against amounts owed to the franchisee under this subsection any amounts owed by the franchisee to the franchisor.

(j) Terminate the franchise prior to the expiration of its term except for good cause. Good cause shall include, without limitation, the failure of the franchisee to comply with lawful and material provisions of the franchise or other agreement between the franchisor and the franchisee, and to cure such default after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days to cure such default, or if such default cannot reasonably be cured within 30 days, the failure of the franchisee to initiate within 30 days substantial and continuing action to cure such default; provided, that after three willful and material breaches of the same term of the franchise occurring within a 12-month period, for which the franchisee has been given notice and an opportunity to cure as provided in this subsection, the franchisor may terminate the agreement upon any subsequent willful and material breach of the same term within the 12-month period without providing notice or opportunity to cure; provided further, that the franchisor may terminate the franchise without giving prior notice or opportunity to cure a default if the franchisee: (i) is adjudicated bankrupt or insolvent; (ii) makes an assignment for the benefit of creditors; (iii) voluntarily abandons the franchise business; (iv) or is convicted of or pleads guilty or no contest to a charge of violating any law relating to the franchise business. Upon termination for good cause, the franchisor shall purchase from the franchisee at a fair market value at the time of termination, the franchisee's inventory and supplies, exclusive of (i) personalized materials which have no value to the franchisor; (ii) inventory and supplies not reasonably required in the conduct of the franchise business; and (iii) if the franchisee is to retain control of the premises of the franchise business, any inventory and supplies not purchased from the franchisor or on his express requirement; provided, that the franchisor may offset against amounts owed to the franchisee under this subsection any amounts owed by the franchisee to the franchisor.

2. Washington law RCW 19.100.180(2)(g) provides that it is unlawful to require the franchisee to assent to a release, assignment, violation or waiver which would relieve the franchisor from any liability imposed by the Washington Franchise Investment Protection Act.

3. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

AMENDMENT TO 1000 DEGREES PIZZERIA FRANCHISE, INC. FRANCHISE AGREEMENT FOR THE STATE OF WASHINGTON

This Amendment pertains to franchises sold in the State of Washington and is for the purpose of complying with Washington statutes and regulations.

Notwithstanding anythingwhich may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. The Franchise Agreement is amended by the addition of the following language:

If any of the provisions in the Franchise Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of R.C.W. 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document and Franchise Agreement with regard to any franchise sold in Washington. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

A release or waiver of rights executed by you will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

2. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Amendment.

3. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Amendment and consents to be bound by all of its terms.

AMENDMENT TO 1000 DEGREES PIZZERIA FRANCHISE, INC. DEVELOPMENT AGREEMENT FOR THE STATE OF WASHINGTON

This Amendment pertains to franchises sold in the State of Washington and is for the purpose of complying with Washington statutes and regulations. Notwithstanding anything, which may be contained in the body of the Development Agreement to the contrary, the Agreement is amended to include the following:

1. The Development Agreement is amended by the addition of the following language:

"If any of the provisions in the Franchise Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of R.C.W. 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document and Franchise Agreement with regard to any franchise sold in Washington. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator."

2. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Amendment.

3. Except as amended herein, the Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Amendment and consents to be bound by all of its terms.

Developer:

By: ____________________________________
Print Name: ______________________________
Title: ___________________________________

1000 Degrees Pizzeria Franchise, Inc.

By: ______________________________

Print Name: ______________________________

Title: ______________________________

EXHIBIT ~~H~~I

TO 1000° DEGREES PIZZERIA FRANCHISE INC. FRANCHISE DISCLOSURE DOCUMENT

RECEIPT PAGES

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If **1000° DEGREES PIZZERIA FRANCHISE INC. (**"Franchisor") offers you a franchise, it must provide this Disclosure Document to you 14 Calendar-days before you sign a binding agreement with, or make a payment to, Franchisor or an affiliate in connection with the proposed franchise sale. **[New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]**

[Michigan, Oregon, and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

If Franchisor does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of Federal and State law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and with the appropriate state agency listed on Exhibit A.

The franchisor is **1000° DEGREES PIZZERIA FRANCHISE INC.**, located at 170 S New York Road, Galloway, NJ 08205.
Issuance Date: ~~April 30, 2015~~July 26, 2017

The franchise seller for this offering is:

Name: Brian Petruzzi	**Name:** ______________
Bus. Address: ______________	**Address:** ______________
170 S New York Rd, Galloway, NJ 08205	______________
Telephone #: (609) 442-5189	**Telephone #:** ______________

1000° DEGREES PIZZERIA FRANCHISE INC. authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated ~~April 30, 2015~~July 26, 2017 that included the following Exhibits:

- A State Agencies/Agents for Service of Process
- B Franchise Agreement
- C Development Agreement
- D Current Franchisees
- ~~D~~E Former Franchisees
- ~~E~~F Financial Statements
- ~~F~~G Sample Release Agreement
- ~~G~~H State Specific Addenda
- ~~H~~I Receipt

Date: ____________ ______________________________(SIGNATURE)
Print Name:

Date: ____________ ______________________________(SIGNATURE)
Print Name:

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If **1000° DEGREES PIZZERIA FRANCHISE INC.** ("Franchisor") offers you a franchise, it must provide this Disclosure Document to you 14 Calendar-days before you sign a binding agreement with, or make a payment to, Franchisor or an affiliate in connection with the proposed franchise sale. **[New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]**

[Michigan, Oregon, and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

If Franchisor does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of Federal and State law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and with the appropriate state agency listed on Exhibit A.

The franchisor is **1000° DEGREES PIZZERIA FRANCHISE INC.**, located at 170 S New York Road, Galloway, NJ 08205.
Issuance Date: ~~April 30, 2015~~July 26, 2017

The franchise seller for this offering is:

Name: Brian Petruzzi	**Name:** ______________
Bus. Address: Address: ______________	
170 S New York Rd, Galloway, NJ 08205	______________
Telephone #: (609) 442-5189	**Telephone #:** ______________

1000° DEGREES PIZZERIA FRANCHISE INC. authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated ~~April 30, 2015~~July 26, 2017 that included the following Exhibits:

A	State Agencies/Agents for Service of Process	~~E~~F	Financial Statements
B	Franchise Agreement	~~F~~G	Sample Release
C	Development Agreement		
~~C~~D	Current Franchisees	~~G~~H	State Specific Addenda
~~D~~E	Former Franchisees	~~H~~I	Receipt

Date: ____________ ________________________________(SIGNATURE)
Print Name:

Date: ____________ ________________________________(SIGNATURE)
Print Name: