FRANCHISE DISCLOSURE DOCUMENT

Cousins Subs Systems, Inc.
a Wisconsin corporation
N83 W13400 Leon Road
Menomonee Falls, Wisconsin 53051
262/253-7700
www.cousinsfranchise.com
info@cousinssubs.com

The franchisee will operate a restaurant for the on-premises and off-premises consumption of a wide assortment of made-to-order submarine type sandwiches, other hot sandwiches, salads and related food products and beverages under the name "Cousins Subs," "Cousins" or "Cousins Submarines." The franchisor offers these franchises individually under the terms of a standard franchise agreement. The franchisor offers multi-unit development rights under the terms of franchisor's multi-unit development agreement.

The total investment necessary to begin operation of a single unit Cousins Subs Shop ranges from $444,700 to $954,500. This includes $45,000 to $70,000 in fees payable to Cousins.

Cousins also offers multi-unit development opportunities in select markets. The total investment necessary under the multi-unit development agreement ranges from $17,500 to $78,750 (plus the initial franchise fee for the first Cousins Subs Shop of $25,000), all of which is payable to Cousins. Cousins credits $8,750 of the development fee against the $17,500 initial franchise fee for each shop (other than the first shop) to be developed under the multi-unit development agreement.

This disclosure document summarizes certain provisions of your franchise agreement, multi-unit development 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 government 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 Cousins Subs Systems, Inc., N83 W13400 Leon Road, Menomonee Falls, Wisconsin 53051, (262) 253-7700.

The terms of your contract will govern your franchise relationship. Don't rely on this disclosure document alone to understand your contract. Read all of your contract 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.

ISSUANCE DATE: March 24, 2023

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits H and I.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Cousins Subs Shop business in my area?	Item 12 and the "territory" provisions in the franchise agreement and/or multi-unit development agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Cousins Subs franchisee?	Item 20 or Exhibits H and I lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement or multi-unit development agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit 2.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement and the multi-unit development agreement require you to resolve disputes with Cousins by mediation, arbitration and/or litigation only in Wisconsin. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with Cousins in Wisconsin than in your own state.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

FOR TRANSACTIONS SUBJECT TO MICHIGAN LAW ONLY

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement or multi-unit development agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement or multi-unit development agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement or multi-unit development agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Michigan Attorney General's Office
Consumer Protection Division
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT, AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT, MULTI-UNIT DEVELOPMENT AGREEMENT OR MANAGEMENT AGREEMENT. THESE ADDITIONAL DISCLOSURES AND RIDERS, IF ANY, APPEAR IN EXHIBIT 1.

Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is Cousins Subs Systems, Inc. For ease of reference the franchisor will be referred to as "Cousins" in this disclosure document. "You" means the person who is buying the franchise. If you are a corporation, partnership or limited liability company, your owners will have to guarantee your obligations and be bound by the provisions of the franchise agreement and other agreements as described in this disclosure document.

Cousins is a Wisconsin corporation incorporated in November of 1978 under the name Cousins Submarine Sandwich Shop Systems, Inc. Cousins changed its name to its current name in March of 1993. Cousins does business under its corporate name and the names Cousins, Cousins Submarines and Cousins Subs. Cousins' principal business address is N83 W13400 Leon Road, Menomonee Falls, Wisconsin 53051, and its telephone number is (262) 253-7700.

Cousins' affiliate, Cousins Submarines, Inc., has owned and operated restaurants doing business as Cousins Submarines since 1972. Cousins Submarines, Inc. is a Wisconsin corporation which shares Cousins' principal business address and telephone number. Cousins Submarines, Inc. has licensed Cousins to use and sublicense the use of the Marks and the System (defined below). Cousins Submarines, Inc. may also sell food items to Cousins franchisees (see Item 8).

Cousins' affiliate, Legacy Subs Real Estate, LLC, leases real estate to certain Cousins franchisees. Legacy Subs Real Estate, LLC was formed in Wisconsin and shares Cousins' principal business address and telephone number. It does not operate a business of the type to be operated by you, nor does it offer franchises for the type of business to be operated by you or in any other line of business.

There are no other parents, predecessors or affiliates of Cousins required to be disclosed in this Item. Cousins' agents for service of process are disclosed in Exhibit 2.

Cousins and its affiliates have developed a method of preparing submarine/hero and deli style sandwiches, certain designated fresh baked bread and specially prepared meat products ("Trade Secret Food Products") and various other food products, and restaurants which specialize in the sale of these food items and various other food products and which feature inside seating, carry-out and drive-up services and operate with a uniform business format, especially designed equipment, methods, procedures, and designs (the "System"). Cousins and its affiliates use, promote, and license various trade and service marks and commercial symbols which are associated with the operation of these restaurants ("Cousins Subs Shops"), including the marks "Cousins Subs", "Cousins Submarines" and "Cousins" (the "Marks").

Cousins offers to persons or entities meeting its qualifications the right to operate a Cousins Subs Shop (the "Shop") under the terms of its franchise agreement (the "Franchise Agreement"). If you are renewing your existing franchise, you will execute a renewal addendum to the Franchise Agreement ("Renewal Addendum") when you sign the Franchise Agreement.

In select markets, Cousins is granting the right to develop 3 to 10 Shops to persons or entities meeting its qualifications (or their affiliates approved by Cousins), each under the terms of a multi-unit development agreement (the "Multi-Unit Development Agreement"). The Multi-Unit Development Agreement designates geographic areas that are reserved for the franchisee's development and opening of Shops (the "Multi-Unit Area"). You will execute the then-current form of Franchise Agreement for each Shop developed under the Multi-Unit Development Agreement. If under the Multi-Unit Development Agreement, you agree to develop 5 or more Shops and desire for Cousins to oversee the day-to-day operations of such Shops, and Cousins agrees to oversee the day to day operations of your Shops, you and Cousins will enter into a management agreement (the "Management Agreement").

Cousins has also developed a program to offer franchises to managers of affiliated-owned and franchisee-owned Cousins Subs Shops. Because of the experience of these individuals, Cousins offers reduced initial franchise fees and other favorable terms. There may be other instances where Cousins has or will vary the terms due to the circumstances of a particular transaction.

Cousins may in certain limited instances, based upon the suitability of the location, allow a Shop to be operated in combination with or adjacent to an existing business operation or in other non-traditional locations. Unless otherwise noted, references to a Shop in this disclosure document will include Shops operated in combination with or adjacent to existing businesses or other non-traditional locations.

A Cousins Subs Shop will offer its food products and services to the general public and will compete with other restaurants and facilities offering sandwiches and food products similar to a Cousins Subs Shop, and other fast food establishments which offer a wide range of food products to the general public from similar facilities.

You should consider that certain aspects of the restaurant business are heavily regulated by federal, state, and local laws, rules, and ordinances. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local departments of health and other agencies have laws and regulations concerning the preparation of food, display of nutrition facts, and sanitary conditions of restaurant facilities. State and local agencies routinely conduct inspections for compliance with these requirements. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. Compensation of restaurant employees (including minimum wage and overtime requirements) is governed by both federal and state laws. You will need to understand and comply with these laws in operating the Cousins Subs Shop. There may be other laws applicable to your business and you are urged to make further inquiries about these laws.

Cousins has previously, but currently does not, operate the type of business to be operated by you. Cousins Submarines, Inc. has been operating a business of the type to be operated by you since 1972. As of December 25, 2022, it owned and operated or managed 44 Cousins Subs Shops. Cousins has offered franchises for Cousins Subs Shops since June of 1979. Cousins offered area development rights from March 1992 to March 2015. Cousins Submarines, Inc. has not offered franchises for the type of business to be operated by you.

Neither Cousins nor Cousins Submarines, Inc. have offered franchises in any other lines of business.

Item 2

BUSINESS EXPERIENCE

Christine A. Specht-Palmert: Chief Executive Officer and Director

Ms. Specht-Palmert joined Cousins and Cousins Submarines, Inc. in May 2001 and has served in various capacities, including most recently as the Chief Executive Officer since January 2019. Prior to that, she served as the Chief Executive Officer and President of Cousins and Cousins Submarines, Inc. from March 2015 to December 2018. Ms. Specht-Palmert also has served as a Director of Cousins and Cousins Submarines, Inc. since August 2012.

William F. Specht: Chairman of the Board, Treasurer, and Director

Mr. Specht has served as Treasurer and Director of Cousins since its inception. He has also served as Director of Cousins Submarines, Inc. since June 1972 and Treasurer of Cousins Submarines, Inc. since its inception. He served as Chief Executive Officer of both Cousins and Cousins Submarines, Inc. from March 2003 to March 2015. Beginning in March 2015, Mr. Specht serves as Chairman of the Board of both Cousins and Cousins Submarines, Inc.

Jason Westhoff: President

Mr. Westhoff has served as Cousins' President since January 2019. He previously served as Chief Financial Officer of Cousins Submarines, Inc. from July 2012 to December 2018.

Joseph Ferguson: Vice President of Development

Mr. Ferguson has been employed by Cousins and Cousins Submarines, Inc. since May 2008 and has held various positions, most recently as Vice President of Development since June 2011.

Justin A. McCoy: Vice President of Marketing

Mr. McCoy has served as Vice President of Marketing for Cousins Submarines, Inc. since May 2012. From April 2010 to April 2012, he served as Director of Marketing for Cousins Submarines, Inc.

Jeremiah Grube: Vice President of Operations and Finance

Mr. Grube has served as Vice President of Finance for Cousins Submarines, Inc. since January 2019 and as Vice President of Operations since July 2020. From January 2017 to December 2018, he served as Director of Finance for Cousins Submarines, Inc., and from July 2015 to December 2016 was a consultant for Cousins Submarines, Inc.

John Palmert: Director of Franchise Sales

Mr. Palmert has served as Director of Franchise Sales for Cousins since January 2019, and previously served as Franchise Sales Manager for Cousins from January 2013 to December 2018. Since December 2010, Mr. Palmert has served as the owner of J.J. Palmert Outfitters, LLC located in Menomonee Falls, Wisconsin.

Kristi Kramp: Director of Training

Ms. Kramp has served as Director of Training for Cousins since January 2017. Ms. Kramp also served as Marketing Manager for Cousins from February 2017 to January 2018. She served as Business Consultant for Cousins from December 2013 to February 2017. From September 2013 to December 2013, she served as Marketing Consultant for Cousins.

Craig Daniel: Director

Mr. Daniel has served as a Director of Cousins and Cousins Submarines, Inc. since March 2015. Since December 2011, Mr. Daniel has served as the Chief Financial Officer and Senior VP – Finance for Long John Silver's, LLC in Louisville, Kentucky.

Laurie Ann Fallucca: Director

Ms. Fallucca has served as a Director of Cousins and Cousins Submarines, Inc. since March 2015. Since January 2013, Ms. Fallucca has served as the Chief Creative Officer for Palermo Villa, Inc. in Milwaukee, Wisconsin.

Darren Tristano: Director

Mr. Tristano has served as a Director of Cousins and Cousins Submarines, Inc. since January 2019. Since June 2018, Mr. Tristano has served as the Chief Executive Officer of Foodservice Results in River Forest, Illinois. From January 2018 to June 2018, Mr. Tristano served as Chief Executive Officer of CHD Expert in Chicago, Illinois.

Item 3

LITIGATION

No litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5

INITIAL FEES

Application Deposit

As a condition to accepting your application for a franchise, you will be required to sign the Qualification and Deposit Agreement (see Exhibit J-2) and pay a deposit of $2,500.

Cousins will refund the deposit if Cousins elects not to proceed with the franchise after it has evaluated all data as to personal abilities, aptitudes and financial qualifications submitted by you and your Designated Managers (defined in Item 15). Cousins will make this evaluation within 60 days after signing the Qualification and Deposit Agreement. You must execute a general release in the form prescribed by Cousins of any and all claims against Cousins and its subsidiaries and affiliates and their respective officers, directors, agents, shareholders, and employees as a condition to receiving this refund. If we determine you qualify for a franchise and you elect not to proceed with the franchise, the deposit will not be refundable.

Franchise Agreement

Cousins charges an initial franchise fee of $25,000 for the first franchise you purchase. If you paid a deposit, we will apply the deposit to the initial franchise fee. If you are an existing franchisee, you may purchase additional franchises for Cousins Subs Shops during the term of the Franchise Agreement if you comply with your Franchise Agreement and meet Cousins' then-current qualifications for new franchisees. The initial franchise fee for additional franchises is $17,500 for each additional franchise you purchase. This initial franchise fee is payable upon the signing of the Franchise Agreement. The initial franchise fee is the same for Cousins Subs Shops located in non-traditional locations. The initial franchise fee is not refundable under any circumstances.

When you sign the lease or purchase agreement for the premises of the Shop, you must deposit with Cousins the sum of $10,000 ("Store Marketing Fee") to be applied to your Shop advertising and promotional expenses. The entire Store Marketing Fee must be expended within one year of the opening of the Shop. Any amount not expended within that year may be deposited into the Advertising and Development Fund (described in Item 11). If the Franchise Agreement is terminated for any reason prior to the opening of the Shop, any amount not expended will be returned to you. Once the Shop opens, the Store Marketing Fee is not refundable under any circumstances.

Multi-Unit Development Agreement

If you sign a Multi-Unit Development Agreement with Cousins, you will pay us, on execution of the agreement, a development fee ("Development Fee") equal to $8,750 multiplied by the number of Shops (other than the first Shop) you agree to develop. Depending on the size of the approved market, you will develop 3 to 10 Shops. That means the typical Development Fee would range from $17,500 to $78,750. Concurrently with the execution of the Multi-Unit Development Agreement, you will sign a Franchise Agreement for the 1st Shop and pay the

$25,000 franchise fee for such Shop. For the second and subsequent Shops developed under the Multi-Unit Development Agreement, Cousins will credit the Development Fee, in $8,750 increments, toward the initial franchise fee of $17,500 per Shop.

The Development Fee is fully earned when paid and is not refundable under any circumstance.

Lease Addendum Review Fee

It is your responsibility to obtain a fully executed lease addendum in connection with executing the lease for the Shop. Our current form of lease addendum is attached as Exhibit E to this disclosure document. Our approval of the lease is subject to our receipt of the lease addendum without modification or negotiation, signed by you and the landlord. If you or the landlord request that we consider any modifications to the lease addendum, and we agree to do so, we may also require you to reimburse us all expenses that we incur (including attorneys' fees) in connection with the review. We estimate this review may cost up to $5,000, depending on the extent of the changes to the lease addendum requested. This reimbursement is not refundable under any circumstances.

Computer Equipment

You will lease certain computer hardware and software, including the hardware for the point-of-sale system, necessary for the operation of your Shop from us. You will pay us $10,000 to $30,000 for the lease and installation of such computer equipment, depending in part on the number of terminals at your Shop. You will pay this fee prior to the installation of the computer equipment. This fee will be fully earned by us when paid and is not refundable under any circumstance.

Referral Fee

If you were referred to us by an existing franchisee or an employee of Cousins and you purchase a franchise and open a new Shop, we will pay the referring franchisee or employee $1,000, subject to certain terms and conditions. This does not apply if you purchase an existing Shop.

VetFran

Cousins is a member of the International Franchise Association ("IFA") and participates in the IFA's VetFran Program, which provides a $5,000 discount on the initial franchise fee for veterans of the U.S. Armed Forces who meet the requirements of the VetFran Program.

Item 6

OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Continuing Service Fee	6% of gross receipts of Shop	Payable on or before Wednesday of each week on gross receipts for the preceding week (Sunday through Saturday) unless otherwise specified in the Confidential Operations Manual	"Gross receipts" means the aggregate amount of all sales of food products, beverages and other merchandise and products of every kind or nature sold from, at or in connection with your Shop or arising out of the operation or conduct of business by your Shop, including any revenues from all vending machine, video game machine and juke box sales, less any customer refunds up to the amount of the sales price and excluding all sales, use or service taxes collected and paid to the appropriate taxing authority. "Gross receipts" shall include: (a) all amounts redeemed from gift certificates, gift cards or similar mediums, (b) all insurance proceeds received by you for loss of business due to a casualty or similar event at your Shop, and (c) the fair market value of any services or products received by you in barter or exchange for your services or products.

Type of Fee[1]	Amount	Due Date	Remarks
Technology Fund Contribution	Currently, $300 to $800 per month	Same time as Continuing Service Fee	The amount of your technology fund contribution will depend in part on the number of terminals at your Shop and other licenses required. Most of this contribution is passed through to pay third party service providers for required licenses, but also includes an 8% hardware maintenance fee (see Item 11 for further detail). This contribution can be increased based on increased costs of third-party service providers which are collected by the technology fund and passed through to the third-party service providers. Costs that are within Cousin's direct control or which are not paid to a third-party service provider will not be increased by more than 10% in any 12-month period.
Advertising and Development Fund Contribution	2% of gross receipts of Shop	Same time as Continuing Service Fee	Can be increased to 3% of gross receipts on 90 days' notice to you
Local Advertising	3% of gross receipts of Shop	Must be spent each calendar quarter based upon gross receipts of prior calendar quarter	Spent by you; accounting must be made monthly to Cousins
Cooperative Advertising Program[2]	Up to 3% of gross receipts of Shop	Periodic	Payable when Cousins establishes local, regional, or national coverage area cooperatives. Acts as a credit to 3% Local Advertising expenditure obligation

Type of Fee[1]	Amount	Due Date	Remarks
Late Payments	Highest applicable legal rate for open account business credit not to exceed 1.5% per month	From the date payments are due	Charged on any late payments of Continuing Service Fees, advertising contributions, amounts due for product purchases or any other amounts due Cousins or its affiliates
Audit and Inspection Expenses	Cost of audit and inspection plus any reasonable travel, accounting and legal expenses	Upon receipt of invoice	Payable if 2% or more discrepancy in amounts owed Cousins, if you fail to submit required reports, or a re-inspection is required if Cousins is prevented from properly inspecting the Shop
Transfer Fee (Franchise Agreement)	The greater of (a) 20% of the then current standard initial franchise fee or (b) $5,000	At the time of approval of transfer	No fee charged for transfers among owners of the franchisee or their immediate family members. For purposes of calculating the transfer fee, the standard initial franchise fee shall not include any special promotions or discounts.
Transfer Fee (Multi-Unit Development Agreement)	$5,000	At the time of approval of transfer	No fee charged for transfers among owners of the franchisee or their immediate family members.
Renewal Fee (Franchise Agreement)	50% of the then current standard initial franchise fee	Upon signing renewal Franchise Agreement	For purposes of calculating the renewal fee, the standard initial franchise fee shall not include any special promotions or discounts.
Renovation and Maintenance Fund	$200 per month	Commences 12 months after Shop opens	Payable into fund established by you; you are not required to maintain in excess of $25,000 in fund

Type of Fee[1]	Amount	Due Date	Remarks
Annual Meeting Fee	$1,000	As incurred	You or your Designated Managers (defined in Item 15) must attend an annual meeting, at a location we designate, or virtually, if we so choose, which may last up to 3 days. If you (or your Designated Managers) fail to attend the annual meeting, we may charge you a fee.
Product or Supplier Testing	Variable (estimated to be $2,500 to $5,000)	As incurred	If you request approval of a new product or supplier.
Costs and Attorney's Fees	Will vary under circumstances	As incurred	Due prevailing party in any legal proceeding
Indemnification	Will vary under circumstances	As incurred	You have to reimburse Cousins for its costs and if Cousins is held liable for claims arising out of the operation of your Shop or business
Shop Service Fee	$400 per day	Upon invoice	If Cousins assumes operation of Shop in the event of default
Training Fee	$2,500	As incurred	If you send more than four attendees to the initial training program, you will pay this fee for each attendee after the first four.
Management Fee	2% of gross receipts of all Shops covered by a Management Agreement	Same time as Continuing Service Fee	This fee will apply only if you have executed a Management Agreement with Cousins

Type of Fee[1]	Amount	Due Date	Remarks
Liquidated Damages (Franchise Agreement)	Will vary under circumstances	As incurred	If the Franchise Agreement is terminated because of your default, or if it is terminated by you prior to its expiration without cause, you will pay Cousins the then net present value of the Continuing Service Fees, Fund contributions, and cooperative local or regional advertising fees that would have become due from the date of termination to the scheduled expiration date of the Franchise Agreement. For this purpose, Continuing Service Fees, Fund contributions, and cooperative local or regional advertising fees shall be calculated based on gross sales of the Shop for the 12 months preceding the termination date. If you have not operated the Shop for at least 12 months preceding the termination date, Continuing Service Fees, Fund contributions, and cooperative local or regional advertising fees will be calculated based on the average monthly gross sales of all Cousins Subs Shops during Cousins' last fiscal year.

NOTES:

1/ All fees are paid to Cousins unless otherwise noted and are non-refundable. The Continuing Service Fee and Advertising and Development Fund contribution may not be uniformly imposed on all franchisees; all other fees are uniformly applied to all franchisees. You must participate in an electronic fund transfer system ("EFT") for the collection of Continuing Service Fees, Advertising and Development Fund contributions, Technology Fund contributions, and any other fees payable to Cousins or its affiliates.

These fees are the same for Shops located in any venue, e.g., conventional, C-Store, co-brand, etc.

2/ As noted in Item 11, all franchisees within an area covered by an advertising cooperative are eligible to participate. Each participant, including company and affiliate owned Shops, are entitled to vote on a 1 vote per Shop basis. Amount contributed to the cooperative is determined by vote of cooperative members, up to 3% of the amount of gross receipts, unless the members of the area cooperative approve a higher contribution.

Item 7

ESTIMATED INITIAL INVESTMENT

MULTI-UNIT DEVELOPMENT AGREEMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Multi-Unit Development Fee (1)	$17,500 - $78,750	Cashier's Check	Upon signing of Multi-Unit Development Agreement	Cousins
Additional Funds (3 months) (2)	$0	Not applicable	Not applicable	Not applicable
TOTAL	$17,500 - $78,750			

NOTES:

1/ The multi-unit development fee is further described in Item 5. Cousins will apply this fee, in $8,750 increments, toward the $17,500 initial franchise fee for the second and subsequent Shops developed under the Multi-Unit Development Agreement.

2/ Based on over 50 years of experience by Cousins and its affiliates in operating Cousins Subs Shops or similar restaurant operations, Cousins estimates that you will not require any additional funds for the first three months of operating your development business. However, you will incur fees and expenses in opening each Cousins Subs Shop you commit to develop under the Multi-Unit Development Agreement. Those additional funds are reflected in the table below for the initial investment necessary to commence operation of a Cousins Subs Shop.

FRANCHISE AGREEMENT
(Benchmark: 2,000 – 2,400 Square Feet)

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	$25,000	Cashier's Check	Upon signing of the Franchise Agreement	Cousins
Leasehold Improvements (2)	$185,000-$390,000	As Arranged	As Arranged	Lessor or Contractors
Equipment and Small Wares (3)	$135,000-$190,000	As Arranged	As Arranged	Third-Party Suppliers
Seating Package / Millwork (4)	$30,000-$75,000	As Arranged	As Arranged	Third-Party Suppliers
Initial Inventory and Supplies (5)	$6,000-$18,000	As Arranged	As Arranged	Third-Party Suppliers
Point of Sale System / Technology (6)	$10,000-$30,000	As Arranged	As Arranged	Cousins
Architectural Fees (7)	$9,000-$52,000	As Arranged	As Arranged	Independent Contractor
Rent (8)	$3,000-$15,000	As Arranged	As Arranged	Lessor
Lease and Utility Security Deposits (9)	$0-$15,000	As Arranged	As Arranged	Lessor and Utility Companies
Insurance	$700-$1,500	Monthly Installment	As Arranged	Insurance Company
Training (10)	$2,500-$15,000	As Incurred	As Incurred	Third Parties
Store Marketing Fee	$10,000	Cashier's Check	Upon signing of the lease or purchase agreement	Cousins
Lease Addendum Review Fee	$0- $5,000	As Incurred	As Incurred	Cousins

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Signage (11)	$8,500-$63,000	As Arranged	As Arranged	Third-Party Suppliers
Additional Funds – 3 months (12)	$20,000-$50,000	As Incurred	As Incurred	Third-Party Suppliers, Employees
TOTAL (13)	**$444,700 - $954,500**			

NOTES:

(1) The initial franchise fee is further described in Item 5. If you paid an application deposit, we will apply the deposit to the initial franchise fee. If you are purchasing additional franchises, the initial franchise fee is $17,500 for each additional Cousins Subs Shop.

(2) You should understand that the cost of construction, leasehold improvements, and fixtures depend upon many variables, including size and condition of the premises, local construction costs, landlord requirements, union or non-union labor rates, and geographic location of the Shop. The size of the space is a significant determinant of total construction costs. The range of figures is the cost of reasonable renovations or leasehold improvements from a "white box" condition and may be less if the lessor provides a construction allowance to lessee.

(3) The equipment needed is listed in the Confidential Operations Manual and includes baking and microwave ovens, food warmers, slicers, freezer, refrigeration equipment, shelving, work tables, computer and printer, digital menu board, and other items. You may purchase or lease approved brands and models from approved suppliers. The cost of the equipment will depend on financing terms available, the size of the facility, brands purchased and other factors.

(4) This estimate includes the table, chairs, booths, counter, and beverage area.

(5) Your initial inventory must be purchased from designated sources or approved suppliers as described in Item 8. Initial inventory consists of various food products, beverages, paper products, cleaning supplies, condiments, and other supplies utilized in the operation of the Shop. The initial inventory expenditure will vary according to anticipated sales volume and current market prices for these items.

(6) This estimate includes a personal computer, the point-of-sale system, a printer, and the software required by Cousins.

(7) Architectural fees shown are based on design/build drawings. The remodeling plans or construction plans of each location vary due to the amount of remodeling or type of construction to be performed and the market area for which the plans are produced. The estimate is based upon

Cousins' experience for a variety of remodeling and construction plans. Architectural fees may be reduced under a design/build arrangement with a general contractor or may increase if stamped mechanical drawings are required. Both municipal requirements and space size also affect the total cost.

(8) Rent expense for space in which to operate a Shop will vary, based on numerous factors including the market area, age and type of structure, and lease arrangements. A Shop may be located in a free-standing building, a strip center, a convenience store, or various non-traditional facilities such as a school, airport, sports arena, shopping mall food court, non-traditional store, etc. Non-traditional facility and convenience store operations will be approximately 600 - 1,000 square feet, and the costs for these outlets could be substantially less.

(9) Lessor and utility companies may require that you place a deposit prior to occupation of the premises and prior to installing telephone, gas, electricity, and related utility services. These deposits may be refundable based upon the agreements made with the lessor and utility companies.

(10) You are responsible for arranging transportation and paying the expenses for meals and lodging for persons attending the initial training program. The amount expended will depend on the distance you must travel, the type of accommodation you choose, and the number of persons attending training. No additional payments are made to Cousins for the initial training program for the first four attendees.

(11) Signage includes interior and exterior signs that bear the service marks licensed to you. The cost of signage may vary depending on the type, size, and location of the signs, and may also be affected by applicable city code and landlord restrictions. Free-standing signs can add substantial amounts to the total cost.

(12) The additional funds represent working capital that will be used to cover operating expenses, including employee wages (which may vary significantly based on the operations of the Shop and the prevailing minimum wage rate in your jurisdiction), during your Shop's initial phase.

(13) These estimates are based upon over 50 years of experience by Cousins and its affiliates in operating Cousins Subs Shops or similar restaurant operations and are based on a benchmark space of 2,000 to 2,400 square feet. You should review these figures carefully with a business advisor before making any decision to purchase a franchise. Cousins does not offer direct or indirect financing to franchisees for any items. Franchises operated in combination with or adjacent to another business operation will incur the same type of expenditures as those described in the Table although in most instances the amounts will be less or inapplicable depending upon the location.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must choose a site, execute a lease, and develop the Shop in accordance with Cousins' standards and specifications. Your lease must include certain provisions required by Cousins. The current list of required lease provisions is attached as Exhibit E.

Cousins will provide you with specifications for brands and types of food and beverage preparation, dispensing, storage and display equipment, cash registers, other equipment, fixtures, furniture, exterior and interior signs and decorating necessary to establish and operate your Cousins Subs Shop. Specifications may include minimum standards for performance, warranties, design, appearance and local zoning, sign, and other restrictions. Cousins may revise or supplement the list periodically as it deems necessary. You must lease certain computer hardware and software from Cousins. In connection with that lease, you will sign an equipment lease agreement in the form attached as Exhibit F. Other than the computer equipment that must be leased from Cousins, you may purchase any of these items which meet Cousins' specifications from any approved source. Cousins will provide you with a list of designated and approved manufacturers, suppliers, and distributors. If you propose to purchase or lease any equipment, fixtures, furniture, signs, or decorating material not previously approved as meeting its specifications, you must obtain Cousins' approval. Currently, to evaluate equipment, fixtures, furniture signs or decorating material Cousins' requires that you furnish photographs, drawings, information, samples and financial data about the supplier as Cousins may require to determine whether the item and/or supplier meets its specifications and standards. Cousins will notify you within 90 days of receiving all required information whether the item and/or supplier meets its specifications and standards. Cousins may charge you an administrative fee to cover its costs of conducting such testing. If Cousins revokes the approval of any supplier or any item or supply, it will provide you with notice of its decision in writing and amend its approved supplier or product list. Cousins may change its approval process at any time.

You may only use, offer to sell and sell from your Shop sandwiches, menu items, breads, meats, cheeses, ingredients, toppings, spice mixes and other food and beverage products and materials, containers, packaging materials, paper and plastic products, plates, cups, utensils, menus, uniforms, forms, cleaning and sanitation materials and other equipment, materials and supplies, which meet Cousins' specifications and quality standards and which are stated in its approved list of merchandise, products and accessories. Cousins will provide you with a list of designated and approved suppliers for such merchandise, products, and accessories. You must participate in any gift card, gift certificate and/or loyalty card programs that Cousins requires for Cousins Subs Shops. If you propose to offer for sale or use any brand of product not previously approved by Cousins or to purchase any product from a supplier that is not an approved supplier, you will be required to first obtain Cousins' consent. Currently, you must notify Cousins of your request and Cousins may require submission to it and/or a third-party inspector of sufficient samples, financial data and other information to determine whether the brand and/or supplier meets Cousins specifications. Cousins anticipates that the supplier will pay the third-party inspector for the cost of testing their proposed product. However, Cousins may charge you an administrative fee to cover its costs of conducting such testing. Cousins will notify you within 90 days of receiving

all required information whether the item and/or supplier meets its specifications and standards. If Cousins revokes the approval of any supplier or any item or supply, it will provide you with notice of its decision in writing and amend its approved supplier or product list. Cousins may change its approval process at any time.

Cousins reserves the right to periodically examine the facilities of any approved supplier or distributor, including the commissary and/or bakery, if any, operated by you and to conduct reasonable testing and inspection of the ingredients, materials or supplies to determine whether they meet its standards and specifications. Cousins also reserves the right to impose reasonable limitations on the number of approved suppliers or distributors of any product, including commissaries and/or bakeries operated by you. Cousins' approval of a supplier or distributor may be conditioned on requirements relating to frequency of delivery, standards of service including prompt attention to complaints and the ability to service and supply Cousins Subs Shops within areas Cousins designates.

Cousins and its affiliates have developed specially formulated and prepared Italian bread products, and other Italian meat products such as cappacolla and cotoghino (the "Trade Secret Food Products") for use in the operation of Cousins Subs Shops. You must use only the Trade Secret Food Products in the preparation of food products served and sold by your Shop. Cousins and its affiliates have determined that in order to protect their trade secrets and to monitor the manufacture, packaging, processing and sale of Trade Secret Food Products they will (i) manufacture and supply Trade Secret Food Products to a limited number of suppliers who will be authorized to sell Trade Secret Food Products to Cousins franchisees, and/or (ii) disclose the formulas for and methods of preparation of Trade Secret Food Products to a limited number of suppliers who will be authorized to manufacture Trade Secret Food Products to precise specifications and sell Trade Secret Food Products to Cousins franchisees. Accordingly, you must purchase Trade Secret Food Products from Cousins, its affiliates, or a limited number of authorized suppliers. We do not currently require you to purchase any other goods, services, supplies or inventory from us or our affiliates.

You must fully comply with all specifications, standards, operating procedures and rules in effect periodically in the operation of your Shop relating to: (1) the safety, maintenance, cleanliness, sanitation, function and appearance of your Shop premises and its equipment, fixtures, decor and signs and maintenance and service agreements; (2) training, dress, general appearance and demeanor of Shop employees; (3) type, quality, taste, portion control and uniformity, and manner of preparation, packaging, displays and sale, of all sandwiches and other food items sold by your Shop and of all food, beverages and other products used in the preparation, packaging and sale of these items; (4) menus, including appearance and the inclusion of nutrition information; (5) hours during which the Shop will be open for business; (6) advertising and promotional programs; (7) use of any third-party food delivery services, online ordering services, or other food aggregation services; (8) quality assurance and customer satisfaction programs; (9) use and retention of standard forms; (10) use and illumination of signs, posters, displays, menu boards and similar items; (11) identification of you as the owner of the Shop; and (12) the timely and satisfactory handling of customer complaints.

No specification, standard, operating procedure, or rule Cousins prescribes for the operation of your Shop will be unreasonable or inconsistent with any provision of the lease for the premises of the Shop. Mandatory specifications, standards, operating procedures, and rules which Cousins periodically prescribes, whether in the Confidential Operations Manual or otherwise communicated to you in writing, will constitute provisions of the Franchise Agreement and will be reasonable and uniformly applied to all franchisees.

You must secure and maintain in force all required licenses, permits, and certificates relating to the operation of your Shop and operate your Shop in full compliance with all applicable laws, ordinances and regulations, including all government regulations relating to occupation hazards and health, consumer protection, trade regulation, workmen's compensation, unemployment insurance and withholding and payment of Federal and State income taxes and social security taxes and sales, use and property taxes. You must refrain from any merchandising, advertising or promotional practice which is unethical or may be injurious to Cousins' business and/or other Cousins Subs Shops or to the goodwill associated with the Marks.

In the operation of the Shop, you must use only displays, trays, boxes, bags, wrapping paper, labels, forms and other paper and plastic products imprinted with the Marks and colors which Cousins periodically prescribes.

You are prohibited from making material alterations to your Shop or material replacements of or alterations to the equipment, fixtures, or signs without Cousins' prior written approval.

You will be required to maintain an adequate inventory of ingredients, food and beverage products and other materials, supplies and products to permit operation of your Shop at maximum capacity. Your Shop must at all times maintain a product and supply inventory which will produce sufficient product that, if sold at your customary retail prices, would generate revenues equivalent to not less than the average weekly sales of the Shop.

You must procure at your expense and maintain in full force and effect during the term of the Franchise Agreement, an insurance policy or policies protecting you, Cousins and Cousins Submarines, Inc., and your and their officers, directors, owners, partners and employees, against any loss, liability, personal injury, death, or property damage or expense occurring upon or in connection with the Cousins Subs Shop, as Cousins may reasonably require for its own and your protection. Cousins, Cousins Submarines, Inc., and their designees must be named as additional insureds in the liability coverage policy or policies. All policies must be secured by you before you begin business. The policy or policies must be written by an insurance company satisfactory to Cousins in accordance with standards and specifications set forth in the Confidential Operations Manual or otherwise in writing, and currently must include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified for all franchisees by Cousins in the Confidential Operations Manual or otherwise in writing) the following: (i) comprehensive general liability insurance, including products liability and bodily injury coverage with a limit of at least $1,000,000.00 per occurrence, $2,000,000.00 general aggregate, $2,000,000.00 products/completed operations aggregate; (ii) Auto Hired, owned and non-owned liability combined single limit of $1,000,000.00; (iii) Workers' Compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which

the Cousins Subs Shop is located and operated; (iv) property coverage written on a Special Form, including fire, vandalism, theft, burglary, etc. and at full replacement value with co-insurance of not less than 80% replacement value of your Shop and its inventory, fixtures and equipment; and (v) business interruption insurance. The insurance afforded by the policy or policies respecting liability will not be limited in any way by reason of any insurance which Cousins maintains. You will be required to supply Cousins with a certificate of insurance showing compliance with these requirements prior to the time you take possession and begin development of your Shop. The certificate must state that the policy or policies will not be canceled or altered without at least 30 days prior written notice to Cousins and must reflect proof of payment of premiums. Maintenance of the insurance and the performance by you of your obligations under the insurance requirement in the Franchise Agreement will not relieve you of liability under the indemnity provision in the Franchise Agreement. Minimum policy limits may be modified, as conditions require, by written notice to you. If you do not for any reason, procure and maintain the insurance coverage required by the Franchise Agreement, Cousins will have the right and authority (without, however, any obligation to do so) immediately to procure such insurance coverage and to charge the cost to you, which charges, together with a reasonable fee for expenses incurred by Cousins, will be payable by you immediately upon notice.

During the first 12 months your Shop is operating, you must use a vendor designated by Cousins to provide accounting services for you.

Prior to opening, you must purchase a new store artwork package, which includes a variety of interior signage, from our designated vendor.

Virtually all (i.e., 100%) of the products and services used in the establishment and operation of Cousins Subs Shop are subject to specifications or must be purchased from designated or approved suppliers. During fiscal year ending December 25, 2022, Cousins and its affiliates received the following revenue from franchisees: (i) Cousins' advertising and development fund received $10,166 in revenue from franchisee purchases of advertising, direct mail, and other promotional materials (which constituted approximately 0.17% of Cousins' total revenue of $6,051,225); and (ii) Legacy Subs Real Estate, LLC received approximately $136,050 under franchisee leases. Except as disclosed above, neither Cousins nor its affiliates derived revenue from the sale of products or services to its franchisees during the most recent fiscal year. Cousins estimates that the cost to franchisees of purchases of Trade Secret Food Products will amount to less than 1% of the cost to establish a Cousins Subs Shop and approximately 10% of total operating expenses. During its fiscal year ending December 25, 2022, Cousins' advertising and development fund received certain rebates from various approved suppliers totaling $1,198,172. Except as disclosed above, neither Cousins nor its affiliates received rebates from suppliers based on franchisee purchases. However, Cousins reserves the right to collect and retain any or all rebates and use such rebates without restriction.

Cousins has negotiated purchase arrangements (including price terms) with various vendors for certain food products (including meats, fish, cheeses, breads, soups, produce, desserts, entrees, condiments, snack foods, sauces, and spices), beverages, paper products, plastic products, cleaners, cleaning supplies, gloves, restaurant equipment, fixtures, furniture, and artwork that benefit franchisees.

Other than ownership interest in Cousins and its affiliates, none of Cousins' officers own any interest in any approved supplier.

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	Disclosure Document Item
(a) Site selection and acquisition/lease	Sections 4.A and 4.B of Franchise Agreement; Section 3 of Multi-Unit Development Agreement	Items 7 and 11
(b) Pre-opening purchases/leases	Sections 4.D and 6.A of Franchise Agreement	Item 8
(c) Site development and other pre-opening requirements	Section 4.D of Franchise Agreement; Section 3 of Multi-Unit Development Agreement	Items 6, 7 and 11
(d) Initial and ongoing training	Section 7 of Franchise Agreement	Item 11
(e) Opening	Sections 4.D, 12.D and 15.A of Franchise Agreement	Item 11
(f) Fees	Sections 2, 6, 12 and 13 of Franchise Agreement; Sections 2.E and 3.B of Multi-Unit Development Agreement; Sections 2 and 3 of the Renewal Addendum	Items 5, 6 and 7
(g) Compliance with standards and policies/Confidential Operations Manual	Sections 9.A, 11 and 15 of Franchise Agreement	Item 11
(h) Trademarks and proprietary information	Sections 8 and 10 of Franchise Agreement; Section 5.F of Multi-Unit Development Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Sections 15.B, 15.E, 15.F, 15.H, of Franchise Agreement	Items 11 and 16

Obligation		Section in Agreement	Disclosure Document Item
(j)	Warranty and customer service requirements	Sections 15.I and 15.L of Franchise Agreement	Item 8
(k)	Territorial development and sales quotas	Section 3 of Multi-Unit Development Agreement	Item 12
(l)	On-going product/service purchases	Section 15 of Franchise Agreement	Item 8
(m)	Maintenance, appearance and remodeling requirements	Sections 4.E and 15.B of Franchise Agreement; Section 12 of the Renewal Addendum	Item 11
(n)	Insurance	Section 17 of Franchise Agreement	Items 7 and 8
(o)	Advertising	Section 12 of Franchise Agreement; Section 8 of the Renewal Addendum	Items 6, 7 and 11
(p)	Indemnification	Section 23 of Franchise Agreement; Section 8 of Multi-Unit Development Agreement	Item 6
(q)	Owner's participation/management and staffing	Section 15.M of Franchise Agreement; Section 3 of Multi-Unit Development Agreement	Items 11 and 15
(r)	Records and reports	Sections 14.E and 14.F of Franchise Agreement	Items 6 and 11
(s)	Inspections and audits	Sections 8.F, 14.F and 14.G of Franchise Agreement	Item 6
(t)	Transfer	Section 21 of Franchise Agreement; Section 6 of Multi-Unit Development Agreement	Item 17
(u)	Renewal	Section 3.B of Franchise Agreement	Item 17
(v)	Post-termination obligations	Section 20 of Franchise Agreement; Sections 4.D and 5.C of Multi-Unit Development Agreement	Item 17

Obligation	Section in Agreement	Disclosure Document Item
(w) Non-competition covenants	Section 18 of Franchise Agreement; Section 5.C of Multi-Unit Development Agreement	Item 17
(x) Dispute resolution	Section 22.J of Franchise Agreement; Section 7.I of Multi-Unit Development Agreement	Item 17

Item 10

FINANCING

Cousins does not offer direct or indirect financing. Cousins does not guarantee your note, lease, or obligation.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, Cousins is not required to provide you with any assistance.

Pre-Opening Assistance – Franchise Agreement

Before you open your business under the Franchise Agreement, Cousins will:

1. Assist you in selecting a site for your Cousins Subs Shop (Franchise Agreement Section 4.B). Cousins must approve of the site selected (Franchise Agreement - Sections 4.A and 4.B). The lease for your Cousins Shop must also be approved by Cousins and contain certain provisions required by Cousins. Cousins currently requires the provisions contained in the lease addendum attached as Exhibit E. (Franchise Agreement - Section 4.A). If you do not locate a site Cousins approves within 12 months after you and Cousins sign the Franchise Agreement, either you or Cousins may terminate the Franchise Agreement (Franchise Agreement – Section 4.C).

2. Provide you with specifications for brands and types of food and beverage preparation, dispensing, storage and display equipment, cash registers, other equipment, fixtures, furniture, exterior and interior signs and decorating for your Shop (Franchise Agreement - Section 5.A).

3. Lease certain computer equipment to you and install the computer equipment at your Shop (Franchise Agreement – Section 6.A).

4. Provide to you a list of approved manufacturers, suppliers and distributors and approved food and non-food products (Franchise Agreement - Section 15.G).

Before the Shop opens, Cousins will train you (or your Designated Managers (defined in Item 15)) on operating a Cousins Subs Shop. Cousins will provide a minimum of 25 days of training (although the specific number of days depends on Cousins' opinion of your and your Designated Managers' experience and needs) at Cousins' corporate office in Menomonee Falls, Wisconsin and at a designated training facility of Cousins' choice in Wisconsin or at any other certified training location designated by Cousins, or may be held virtually, as Cousins determines. After completing the training program, attendees (including you and your Designated Managers) must pass certification testing to fulfill certified operator requirements. If certification requirements are not met to the satisfaction of the Cousins, additional training will be required.

Operation training will occur 8 to 14 weeks before the Shop's anticipated opening date. If training is completed and your location does not open within 90 days of the training completion date, you and your Designated Managers must complete a training review for a minimum of 3 days.

Cousins requires that you (or your Designated Managers) pass a Food Safety Certification course. State requirements vary but usually include attendance of a training session and successful completion of a certification exam.

Cousins will train up to 4 persons without charge. You are responsible for all related travel and wage expenses for attending initial training and for obtaining Operator, Baking and Food Safety Certifications, and the training fee for any additional attendees after the first 4 persons (if space permits, and Cousins agrees to allow you to send additional trainees). Cousins may require you to replace any managers (including a Designated Manager) who Cousins determines are not qualified or suitable to hold the position as a certified operator. If you (or your Designated Managers) cannot complete initial training and become a certified operator, Cousins may terminate your Franchise Agreement.

Cousins plans to be flexible in scheduling training to accommodate its personnel, you, and your personnel. Cousins reserves the right to change the training program to meet the expectations of developing sound operational practices. As of the date of this disclosure document, Cousins provides the following training:

TRAINING PROGRAM

Subject [(1)]	Hours of Classroom/ Online Training	Hours of On-the-Job Training	Location
Position Task Training	4 Hours	50 hours	At training facility Cousins designates
Food Safety (ServSafe)	8 Hours	6 hours	At training facility Cousins designates
Management of Daily Operations	10 Hours	64 hours	At training facility Cousins designates
Guest Service	10 hours	10 hours	At training facility Cousins designates
Financial Management	3 hours	10 hours	At training facility Cousins designates
Baking	4 hours	24 hours	At training facility Cousins designates

Subject [1]	Hours of Classroom/ Online Training	Hours of On-the-Job Training	Location
Local Store Marketing	6 hours	4 hours	At training facility Cousins designates
Building and Leading a Quality Team	6 hours	12 hours	At training facility Cousins designates
Review & Testing	4 hours	5 hours	At training facility Cousins designates

(1) These topics are inter-woven throughout the 25 days of on-the-job training, classroom, and homework; actual hours depend on location of training, class size, etc. There may be additional training required in each subject, which will not exceed 10 days. In addition to the 25 days of training, you (or your Designated Managers) must complete a state certified food safety course. The training may be held virtually.

Cousins' Confidential Operations Manual, which may include intranet and other electronic media and/or written materials such as the Product Specifications Manual will be used as the principal instructional materials. The Confidential Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules. Cousins may modify the information periodically to reflect changes in the system standards. The Confidential Operations Manual consists of 211 pages. The table of contents of the Confidential Operations Manual is attached as Exhibit K.

John Krahn is the Senior Manager of Training and will oversee all franchisee training. Mr. Krahn has 36 years of experience with Cousins and 36 years of experience or training in the subjects taught. Classroom instructors are employees of Cousins or Cousins Submarines, Inc. On-the-job training is completed by certified training managers and/or owners who are certified trainers and have varying years of Cousins restaurant operations experience. All trainers have completed Cousins' Operator and Training Certifications. While these training managers periodically might change, Mr. Krahn will continue to manage all franchise training.

You (or a Designated Manager) are required to attend an annual meeting of all franchise owners at a location designated by Cousins, or virtually, as Cousins determines. Cousins will not require attendance at the annual meeting for more than 3 days during the calendar year. You (or a Designated Manager) will be asked to attend training, marketing, and operations meetings 3 to 4 times per year, but attendance will not be required at more than 4 such programs in any calendar year. You are responsible for all related travel, living expenses and wages incurred to attend the meetings.

To facilitate the training required for the opening of your Shop, Cousins will send one of its training representatives to your facility for 4 days before the opening of your Shop and 10 days (which need not be consecutive) within your first 30 days of operation. This representative will assist you in establishing and standardizing procedures and techniques necessary for the operation of your Shop and assist in training your personnel.

Assistance After Opening – Franchise Agreement

During the operation of the franchised business under the Franchise Agreement, Cousins will:

1. Provide maintenance, upgrades, and repairs to the leased computer equipment, as agreed to by Cousins and you in a separate equipment lease agreement (Franchise Agreement – Section 6.A).

2. Manage the technology fund, including providing or engaging third-party service providers to provide certain technology related products and services to you (Franchise Agreement – Section 6.B).

3. For a minimum of 10 business days (which need not be consecutive) within the first 30 days of operation, furnish to you at your Shop and at Cousins' expense, at least one of its representatives for the purpose of facilitating the training required for the operation of your Shop (Franchise Agreement - Section 7.D). During this period, Cousins will also assist you in establishing and standardizing procedures and techniques essential to the operation of a Cousins Subs Shop (Franchise Agreement - Section 7.D).

4. Loan you a copy of the Confidential Operations Manual containing reasonable mandatory and suggested specifications, standards, operating procedures, and rules established periodically by Cousins. Cousins will have the right to periodically add to and/or modify the Confidential Operations Manual to reflect changes in the specifications, standards, operating procedures, and rules prescribed by Cousins but no modification or addition will alter your fundamental status under the Franchise Agreement. (Franchise Agreement - Section 9.A).

5. Periodically provide you with a list of approved manufacturers, suppliers, and distributors and approved food and non-food products, fixtures, equipment, signs, stationery, suppliers, and other items or services necessary to operate your Shop (Franchise Agreement - Section 15.G).

6. Advise or offer guidance to you relative to prices for products and services offered for sale at your Shop (Franchise Agreement - Section 16.A).

7. Provide you a comprehensive list of established sources of equipment, foods, supplies and containers necessary for the operation of your Shop (Franchise Agreement - Section 16.B.1).

8. Coordinate product distribution for local, regional, and national suppliers (Franchise Agreement - Section 16.B.2).

9. Regulate quality standards and products throughout the network of Cousins Subs Shops (Franchise Agreement - Section 16.B.3).

10. Advise you of problems arising out of the operation of your Shop based upon reports submitted by you or inspections made by Cousins (Franchise Agreement - Section 16.C).

11. Make periodic visits to your Shop for the purpose of providing consultation, assistance, and guidance in all aspects of the operation and management of your Shop. Cousins will prepare written reports following these visits outlining any suggested changes or improvements in the operation of your Shop (Franchise Agreement - Section 16.D).

Advertising and Marketing

Advertising and Development Fund. Cousins administers an advertising and development fund to which franchisees are obligated to contribute 2% of their gross receipts. Cousins has the right to increase the amount to 3% of gross receipts on 90 days written notice. Each affiliate-owned Cousins Subs Shop contributes to the fund as required of franchisees. The fees paid to the fund are to be used to meet all costs of maintaining, administering, directing, preparing, and reviewing national, regional, and local advertising materials and programs. Currently, the media in which the advertising is disseminated are television and radio commercials, newspapers, billboards, email, maintaining and developing the website, and print materials such as point of sale materials, coupons, and flyers. The media are currently regional and local in nature. Cousins uses both its in-house marketing staff and a regional advertising agency to produce its advertising. There is no advertising council. Advertising cooperatives may be formed in certain markets to administer advertising programs.

It is anticipated that all contributions made by franchisees to the fund will be expended for advertising, administrative, and promotional purposes during the fiscal year of Cousins within which contributions are made. If, however, excess amounts remain in the fund at the end of a fiscal year, all expenditures in the following fiscal year will be made first out of any current or other earnings of the fund, next out of any accumulated earnings, and, finally, from principal.

Although Cousins intends the fund to be perpetual in duration, Cousins may terminate the fund. The fund, however, will not be terminated until all monies have been expended for advertising and promotion purposes. The fund is not currently audited. However, an accounting of the collections and expenses of the fund will be prepared annually, and franchisee may obtain a

copy of the accounting by making a written request to Cousins. Cousins reserves the right to require that an annual accounting include an audit and be prepared at the expense of the fund.

Some franchisees may be on forms of franchise agreements which obligate them to contribute for advertising on a different basis than under the current form of franchise agreement. During the most recently concluded fiscal year, December 25, 2022, advertising funds were used as follows:

Production (including radio, television, digital and in-store advertisements)	10%
Media Placement (including e-mail, print, and social campaigns; 1.5% was used principally to solicit new franchise sales)	10%
Local Store Marketing (including local store support, programs, promotions, and sponsorship)	35%
Administrative (including professional fees, office expenses, etc.)	35%
Other (which includes public relations events, legal expenses, trademark costs, research and development, market research, etc.)	10%
Total	**100%**

Cousins and/or its affiliates receive reimbursement for administrative expenses incurred in administering the fund. Cousins is not obligated to spend any specific amounts on advertising in the area where a particular franchisee is located. However, advertising funds are currently spent on regional and local advertising or materials for use in franchisees' markets.

Your Local Advertising. Franchisees are required to submit all advertising and promotional materials they wish to use, including newspapers, radio and television advertising, Online Presences (defined below), specialty and novelty items, signs, boxes, napkins, bags and wrapping papers, to Cousins or its designee for approval prior to use. A franchisee may utilize a social media website (such as Facebook® or Twitter®) approved by Cousins, or such other Online Presences as Cousins approves in writing. If Cousins approves the use of Online Presences, you will develop the Online Presences in accordance with Cousins' guidelines, including guidelines for posting any messages or commentary on third-party websites, and guidelines for preparing and maintaining a privacy policy. Cousins will own the rights to all Online Presences. Cousins may require that a brief statement regarding the availability of Cousins Subs franchises be included in advertising used by the franchisee and/or that signs or brochures offering and selling Cousins Subs franchises be displayed in the franchisee's Shop. "Online Presence" means any website, domain name, email address, social media account, username, other online presence or identification of franchisee in any electronic medium of any kind.

Each calendar quarter, a franchisee must spend on local advertising and promotion an amount not less than 3% of the gross receipts of his or her Shop for the preceding calendar quarter. This local advertising expenditure is made directly by the franchisee subject to the approval of Cousins' or Cousins' designee. Within 25 days after the end of each month, a franchisee must provide Cousins with an accurate accounting of the expenditures for that month. This requirement commences 1 month after the Shop has been in operation.

A franchisee must maintain a Cousins business phone and is required to list and advertise continuously in the classified directory, online directories and subscriptions Cousins periodically prescribes, and to establish any other Online Presence Cousins requires. These expenses will be credited toward the local advertising requirement described above. When more than one Cousins Subs Shop serves a metropolitan area, the classified advertising must, at the direction of Cousins, list all Cousins Subs Shops operating within the distribution area, with each franchisee contributing his or her pro rata share to the cost.

Local/Regional/National Advertising Cooperatives. Periodically Cousins may designate a local, regional, or national advertising coverage area in which a franchisee's Shop and at least 1 other Cousins Subs Shop are located for purposes of developing cooperative local or regional advertising or promotional programs. The advertising coverage area will be the area covered by the particular advertising medium (television, radio, or other medium) as recognized in the industry. Cousins presently uses Designated Market Areas (DMA's) as defined by Nielsen to delineate the area for these cooperatives. Franchisees will be required to participate and contribute their share to such cooperative program, which may be credited to the local advertising and promotional expenditures described above. The cost of the cooperative advertising program will be allocated among Cousins Subs Shops in each area and each such Shop's share shall be in proportion to its sales provided the aggregate total of such additional contribution will not exceed 3% of the Shop's gross receipts during any period, unless the members of the area cooperative approve a higher percentage in accordance with the bylaws adopted by such area cooperative. In the event participating franchisees are unable to agree as to the required expenditures of a cooperative advertising program, Cousins retains the right to determine the form of the expenditures to be made through the cooperative advertising program.

Cousins currently has multiple regional cooperatives in operation. All franchisees within the area covered by these cooperatives are eligible to participate. Each participant is entitled to 1 vote per shop, including company and affiliate-owned shops, with respect to matters which require the vote of participants. These cooperatives are administered by a board of directors and designated officers. The cooperatives' boards have 3 members, 2 appointed by Cousins and 1 elected by the franchisee members. The articles of incorporation, by-laws and other documents governing the operation of the cooperatives are available for review by franchisees. The cooperatives must prepare an annual budget which is subject to review by participating franchisees. Cousins may contribute to the regional cooperative(s) to assist the funding of the cooperative(s).

Computer System/Point-of-Sale System

You must use one or more point-of-sale system terminals, a back office personal computer and a printer approved by Cousins in the operation of your Shop. You are also required to use certain software programs, including word processing, antivirus, and anti-spyware software. Currently, you must lease the terminals, computer hardware and software, and printer from Cousins. Any maintenance, repair, and replacement of the computer equipment that Cousins deems necessary in the ordinary course will be paid for by the technology fund. The point-of-sale system is used to record sales of the Shop. Cousins has independent access to this information and data. There are no contractual limitations on Cousins right to access this information and data.

The estimated cost for your personal computer, the point-of-sale system, printer, and software is approximately $10,000 to $30,000. To cover the cost of maintenance, repair and replacement of computer equipment provided by the technology fund, you will pay to us an annual hardware maintenance fee equal to 8% ($800 to $2,400 per year) of the initial cost for the lease and installation of your personal computer, the point-of-sale system, printer, and software. We collect this hardware maintenance fee as part of the technology fund contribution (see Item 6) you pay to us.

You are required to have an e-mail address. You are also required to have a DVD/TV player available and operating in your Shop.

Site Selection

You will be responsible for selecting the site for your Shop. Cousins will use reasonable efforts to help analyze your market area, to help determine site feasibility, and to assist in the selection of the location, which Cousins must approve. You will submit to Cousins a description of the proposed site, accompanied by photographs of the proposed site, and within 15 business days after Cousins has received that submission and completed a physical inspection of the proposed site, it will provide its written approval or disapproval. The methods Cousins uses in approving or selecting the location for the proposed site may include the following factors: (1) general location and immediate surroundings; (2) demographic characteristics; (3) traffic patterns; (4) size; (5) layout; (6) other physical characteristics; (7) service access; (8) cost of leasehold improvements necessary (9) lease terms; and (10) area competition. Cousins typically does not own or lease the premises of the site where a franchisee's Shop is located.

Opening

Cousins' franchisees typically open their Shops 4 to 8 months after they sign the Franchise Agreement. Factors affecting the length of time may include your ability to select a site, prepare a site survey and modify Cousins' basic architectural plans, the time necessary for you to arrange for leasing and financing, to make leasehold improvements and decor and furnishing modifications, to comply with local ordinances or community requirements and to complete delivery of equipment and signs, and similar factors.

Item 12

TERRITORY

Franchise Agreement

You will be granted the right to operate a Cousins Subs Shop at a specific location under the Franchise Agreement. This location will be specified in the Franchise Agreement or determined at a later date when you secure a site for the premises of your Shop. If your lease for the site of the Shop expires or terminates without your fault or if the site is destroyed, condemned or otherwise rendered unusable, or if in the judgment of Cousins there is a change in character of the location of the Shop sufficiently detrimental to its business potential to warrant its relocation, Cousins may at its option grant permission for relocation of the Shop within your market area at a

location and site acceptable to Cousins. Any relocation will be at your sole expense. Cousins will have the right to charge you for any costs it incurs and a reasonable fee for Cousins' services if your Shop is relocated.

Cousins and its affiliates will not, so long as the Franchise Agreement is in effect and you are in compliance with the Franchise Agreement, operate or grant a franchise for the operation of another Cousins Subs Shop within a radius of 1 mile of the premises of your Shop except for Non-Traditional Venues (defined below), or if, in Cousins judgment, the Shop is located within a central business district in which case the 1 mile radius protection will not apply. A "Non-Traditional Venue" is (1) a major shopping mall, (2) any location in which foodservice is or may be provided by a master concessionaire, and (3) any location which is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility (for example, colleges/universities, convention centers, airports, hotels, sports facilities, theme parks, hospitals, transportation facilities and other similar captive market locations).

Neither Cousins nor its affiliates are prohibited from establishing other franchises, company or affiliate owned outlets, or other channels of distribution selling similar products or services under a different trademark, although Cousins has not done so in the past and has no present plan or intention to do so. Cousins may establish, operate, and license others to establish and operate Non-Traditional Venues using the Marks anywhere in the world. Continuation of any territorial protection granted to you is not dependent on your achievement of any sales volume, market penetration or other contingency nor may any territorial protection granted to you be altered under any circumstances. Cousins is not required to pay you if it exercises these rights.

Franchisees are not prohibited from soliciting customers from outside their market areas. Neither Cousins nor its affiliates are restricted from soliciting customers within your market area.

Except as disclosed above, you will not receive an exclusive territory under the Franchise Agreement. You may face competition from other Cousins Subs Shops that Cousins or its affiliates franchise or own and that operate at traditional sites outside your territory, or from other channels of distribution or competitive businesses that Cousins controls. If you are only signing a Franchise Agreement you will not be receiving any right to acquire additional franchises within your market area.

Multi-Unit Development Agreement

You will be granted the right to acquire franchises to develop and operate multiple Cousins Subs Shops within specific intersections described on an exhibit to the Multi-Unit Development Agreement. The development rights do not include the right to acquire franchises for Non-Traditional Venues. Cousins may at its option grant permission for relocation of the intersections within which you may develop your Cousins Subs Shops.

Cousins and its affiliates will not, so long as the Multi-Unit Development Agreement is in effect and you are in compliance with the Multi-Unit Development Agreement, operate or grant a franchise for the operation of another Cousins Subs Shop within the Multi-Unit Areas. The "Multi

Unit Areas" consist of a radius of 1 mile around each of the intersections for which you are granted the right to develop Shops under the Multi-Unit Development Agreement.

Neither Cousins nor its affiliates are prohibited from establishing other franchises or company owned outlets or other channels of distribution selling similar products or services under a different trademark, although Cousins has not done so in the past and has no present plan or intention to do so. Cousins may establish, operate, and license others to establish and operate Non-Traditional Venues using the Marks anywhere in the world. Cousins is not required to pay you if it exercises these rights. The continuation of a franchisee's protected rights to the Multi-Unit Areas during the term of the Multi-Unit Development Agreement is dependent on meeting the Development Schedule in the Multi-Unit Development Agreement. If a franchisee fails to meet the Development Schedule, Cousins may terminate the Multi-Unit Development Agreement. Except as described above, you will not receive a protected territory under the Multi-Unit Development Agreement. Except as described in this paragraph, continuation of any territorial protection granted to you is not dependent on your achievement of any sales volume, market penetration or other contingency nor may any territorial protection granted to you be altered under any circumstances.

Franchisees are not prohibited from soliciting customers from outside their Multi-Unit Areas. Neither Cousins nor its affiliates are restricted from soliciting customers within your Multi-Unit Area.

Item 13

TRADEMARKS

Cousins Submarines, Inc. is the owner of all right, title, and interest in and to the trademarks and/or service marks listed below, said marks having been registered with the U.S. Patent and Trademark Office ("USPTO") on the Principal Register on the dates shown, in the class of goods/services shown, and having the registration number or serial number shown:

Service mark "COUSINS SUBS" (stylized letters); Registration No. 1,705,595; date registered August 4, 1992; class: restaurant services.

Trademark "COUSINS SUBS" (words); Registration No. 2,035,615; date registered February 4, 1997; class: clothing, namely shirts, jackets, ties, socks, shorts, tank tops, rainwear, scarves, and headwear.

Service mark "COUSINS SUBS" (words); Registration No. 2,273,999; date registered August 31, 1999; class: restaurant services.

Service mark and trademark "BETTER BREAD. BETTER SUBS." (words); Registration No. 2,456,577; date registered June 5, 2001; class: various food items and types of restaurant services.

Service mark and trademark "COUSINS SUBS" words with oval; Registration No. 2,708,988; date registered April 22, 2003; class: various food items and types of restaurant services.

Trademark "COUSINS SUBS"; Registration No. 2,933,681; date registered March 15, 2005; class: snack food, namely potato chips.

Service mark “CC COUSINS” words with image (design plus words, letters and/or numbers); Registration No. 4,993,431; date registered July 5, 2016; class: restaurant services; catering services; carry-out restaurant services; contract food services; food delivery services.

Service mark “CC” image (design plus words, letters and/or numbers); Registration No. 5,214,783; date registered May 30, 2017; class: restaurant services; catering services; carry-out restaurant services; contract food services; food delivery services.

Service mark and trademark “EST. 1972 COUSINS – SUBS –” (design plus words, letters, and/or numbers); Registration No. 5,292,244; date registered September 19, 2017; class: various food items and types of restaurant services.

Service mark “LOCAL AT” followed by a heart (design plus words, letters and/or numbers); Registration No. 5,368,122; date registered January 2, 2018; class: restaurant services, catering services, carry-out restaurant services.

Service mark “WE BELIEVE IN BETTER” (words); Registration No. 5,372,614; date registered January 9, 2018; class: offering franchising business management assistance in the establishment and operation of restaurants and restaurant services, catering services, carry-out restaurant services.

Service mark “COUSINS CLUB” (words); Registration No. 6,019,334; date registered March 24, 2020; class: customer loyalty services.

Service mark “LOCAL AT HEART” (words); Registration No. 6,065,152; date registered May 26, 2020; class: restaurant services, catering services, carry-out restaurant services.

For each registration noted above, Cousins Submarines, Inc. has filed all required affidavits and has applied for or obtained any required renewals.

There are no currently effective material determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition, or cancellation proceeding or any pending material litigation involving the Marks which are relevant to their use in any state.

Cousins Submarines, Inc. has perpetually licensed Cousins to use and sublicense others to use the Marks and the Systems under a License Agreement dated December 6, 1989. The License Agreement allows Cousins Submarines, Inc. to continue to use the Marks and the System for existing or future locations in areas not granted to franchisees of Cousins. No termination of this

License Agreement affects the rights of franchisees under their Franchise Agreements to use the Marks and the System. Except for this License Agreement, there are no agreements currently in effect that significantly limit the rights of Cousins to use or license the use of the Marks in any manner material to the franchise.

Neither Cousins nor its affiliates know of any superior prior rights in the Marks. There are no infringing uses actually known to Cousins or its affiliates that could materially affect a franchisee's use of such trademarks, service marks, trade names, logotypes or other commercial symbols in this state or any other state.

You are obligated to immediately notify Cousins of any apparent infringement of or challenge to your use of any Marks. Cousins and Cousins Submarines, Inc. will take such action as they deem appropriate or take no action at all. Cousins has the right to exclusively control any litigation or administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Marks. You must execute any and all instruments and documents, render such assistance and do such things as in Cousins' opinion or the opinion of Cousins Submarines, Inc. or as counsel deems necessary to protect Cousins interests. If it becomes advisable at any time for us and/or you to modify or discontinue use of any Marks and/or use one or more additional or substitute Marks, you must do so, and Cousins will have no obligation whatsoever to you arising of any modification or discontinuance of any Mark.

Cousins will indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of the use of any Mark in compliance with the Franchise Agreement. Cousins will also reimburse you for all reasonable costs in the defense of any claims against you or in any proceeding in which you are named as a party arising out of your use of any Mark. This provision is dependent on your timely notifying Cousins of the claim or proceeding. Cousins has the right to defend any such claim.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Cousins does not own any patents that are material to the franchise and has not filed any patent applications that are material to the franchise. Cousins has not obtained any copyright registrations material to the franchise, although Cousins claims common law rights and copyright protection for its Confidential Operations Manual, training materials and other documents used in the offer, sale, and operation of Cousins Subs Shops. The Confidential Operations Manual is described in Item 11. You must maintain the confidentiality of all proprietary information disclosed to you during and after the term of the franchise. Proprietary information includes the method of preparation of sandwiches and other food products and other specifications, product formulae, standards, and operating procedures. Cousins and its affiliates have developed specially formulated and prepared Italian bread products and other Italian meat products such as cappacolla and cotoghino. The formulas and methods of preparation of these products are trade secrets of Cousins and its affiliates.

You may divulge confidential information only to those of your employees as must have access to it in order to operate the Shop. Cousins may require you to have your employees and

representatives sign a confidentiality and nondisclosure agreement in a form we approve, under which Cousins will be a third-party beneficiary. Any and all information, knowledge and know-how, including, without limitation, drawings, materials, equipment, techniques, restaurant systems, product formulae, recipes and other data shall be deemed confidential for purposes of the Franchise Agreement, except information which you can demonstrate came to your attention prior to disclosure by Cousins or which, at the time of disclosure by Cousins to you, had become a part of the public domain, through publication or communication by others; or which, after disclosure to you by Cousins becomes a part of the public domain, through publication or communication by others.

You will be entitled to use of the copyrighted and certain proprietary materials during the term of the franchise. There are no infringing uses known to Cousins or its affiliate which would affect your use of the proprietary and/or copyrighted materials. There are no agreements in effect that significantly limits the rights of Cousins to use or license the use of the copyrighted or proprietary materials. There is no provision in the Franchise Agreement specifically obligating Cousins to protect your rights to use of the proprietary or copyrighted materials, but Cousins will respond to this information as it deems appropriate.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Cousins does not require that you personally supervise the franchised business. However, the business must be supervised by you or two full-time designated managers who have satisfied the operator certification requirements under Cousins' training program to the satisfaction of Cousins (the "Designated Managers").

You must notify Cousins of the identity of your Designated Managers. You or your Designated Managers must attend and successfully complete, to Cousins' satisfaction, Cousins' initial training program and pass a certification testing to fulfill certified operator requirements. Cousins may require that your Designated Managers have an equity interest in the franchise. You must at all times faithfully, honestly and diligently perform your obligations under the Franchise Agreement whether or not you act as manager and you may not engage in any business or other activities which, in Cousins' judgment, conflicts with these obligations. Cousins has the right to require that you sign with each of your Designated Managers an agreement containing confidentiality and noncompetition covenants.

If you have entered into a Multi-Unit Development Agreement for the development of 5 or more Shops, you and Cousins may mutually agree to enter into a Management Agreement. Under the Management Agreement, a Cousins employee will be designated as regional manager to oversee the day to day operations for all of your Shops developed under the Multi-Unit Development Agreement.

You may assign your rights to a corporation, limited liability company or partnership. If you do so or if you are a corporation, limited liability company or partnership, all owners will be obligated to assume and be bound by the provisions of the Franchise Agreement. The form of

Guarantee and Assumption is attached to each of the Franchise Agreement and Multi-Unit Development Agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Unless you are prohibited from selling certain categories of products under the terms of your Shop lease, you must offer for sale and sell at your Shop all types of sandwiches and other categories of food products that Cousins periodically authorizes. You may not offer for sale or sell at your Shop or the premises which it occupies any other food product, beverage, or confection whatsoever or other category of products or use such premises for any purpose other than the operation of a Cousins Subs Shop in full compliance with the Franchise Agreement.

You are prohibited from installing or maintaining on the premises of your Shop any newspaper racks, juke boxes, gum machines, games, rides, vending machines or other similar devices without the prior written approval of Cousins.

The premises of the Shop may only be used for the operation of a Cousins Subs Shop in compliance with the Franchise Agreement.

You are not limited in the customers to whom you may sell products or services.

Cousins may change or modify its System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new menu items, new products, new equipment, or new techniques. You will be obligated to accept, use and display any of these changes in the System. You will be obligated to make all necessary expenditures as such changes or modifications in the System as Cousins may reasonably require.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise agreement and related agreements. You should read these provisions in the agreement attached to this disclosure document.

FRANCHISE AGREEMENT

Provision	Section in Franchise Agreement	Summary
(a) Length of the franchise term	Section 3.A	10 years
(b) Renewal or extension of the term	Section 3.B	One 10-year renewal term, if you meet and satisfy certain requirements
(c) Requirements for franchisee to renew or extend	Section 3.B	You must: be in substantial compliance during the term; maintain possession of premises and bring Shop in compliance with then applicable standards and specifications or obtain suitable alternative premises; provide written notice of election to renew; execute then current form of franchise agreement; have satisfied all monetary obligations to Cousins and its affiliates; pay the renewal fee If you seek to renew your franchise at the expiration of the initial term, you will be required to sign a new franchise agreement that may contain terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements.

Provision	Section in Franchise Agreement	Summary
(d) Termination by franchisee	Section 19.A	Cousins materially breaches and fails to cure within reasonable time after written notice to Cousins. Termination effective 30 days after notice following cure period
(e) Termination by franchisor without cause	Not applicable	Cousins may not terminate the Franchise Agreement without cause
(f) Termination by franchisor with cause	Sections 19.B and 19.C	Cousins can terminate only if you commit any one of several listed violations
(g) "Cause" defined – curable defaults	Section 19.C	Failure to pay monies owed within 10 days after notice; failure to comply with any other agreement (including a Multi-Unit Development Agreement) with Cousins or its affiliates within the applicable cure period; failure to cure health or safety violation within 72 hours; 30 days for all other defaults not otherwise specified in Section 18.B

Provision	Section in Franchise Agreement	Summary
(h) "Cause" defined – non-curable defaults	Section 19.B of Franchise Agreement and Section 11 of the Renewal Addendum	Includes: failure to timely develop, decorate, equip or open Shop, or upon renewal, to remodel the Shop; failure to complete training program to Cousins' satisfaction; material misrepresentation or omission in application; conviction of a felony; unauthorized use, disclosure or duplication or duplication of confidential or proprietary materials; abandonment of or failure to actively operate Shop; unauthorized assignment or transfer of control or failure to assign on death or disability; understating Continuing Service Fee due by 3% or more unless inadvertent; insolvency or inability to pay debts as they become due or an assignment for benefit of creditors; unauthorized use or misuse of Marks or engaging in conduct which impairs any Marks; repeated violations of Franchise Agreement; health, safety or sanitation law violations; anti-terrorism law violations; failure to pay third-parties, including lessor of the Shop's premises, amounts owed in connection with the Shop when due and do not cure such failure within the cure period granted by such third-party
(i) Franchisee's obligations on termination/non-renewal	Section 20	Cease operating franchised business; assign lease if notified by Cousins; cease use of confidential information and the Marks; cancel assumed name registrations; modify and alter premises to prevent association with Cousins; pay all monies owed; pay liquidated damages, if applicable; pay Cousins costs in enforcing rights; turn over all manuals and confidential and proprietary materials; assign telephone numbers and notify telephone company; cease using any Online Presence and disable or transfer control of such Online Presence to Cousins

Provision	Section in Franchise Agreement	Summary
(j) Assignment of contract by franchisor	Section 21.A	No restriction under right to assign or delegate duties and obligations to third parties
(k) "Transfer" by franchisee - defined	Section 21.B	Includes a transfer, an attempt to transfer or an assignment of any interest in the Franchise Agreement, Shop or assets or ownership of franchisee, whether voluntary or involuntarily
(l) Franchisor approval of transfer by franchisee	Section 21	Cousins has the right to approve all transfers
(m) Conditions for franchisor approval of transfer	Section 21.C	Shop must be open for business; Transferee must qualify and complete initial training to Cousins' satisfaction; all information or documents requested by Cousins regarding the proposed transfer, the transferee, and its owners must be provided to Cousins; all obligations must be assigned and assumed; transferee must sign the then current form of Franchise Agreement; you must pay Cousins a transfer fee consisting of the greater of (a) 20% of the then current standard initial franchise fee or (b) $5,000; the transferee must pay a store marketing fee; transferee must confirm a lease is in place for the term of the transferee's franchise agreement; you or the transferee must satisfy Cousins' remodeling requirements; and you and your owners must agree not to compete with Cousins for 2 years.
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 21.E	Cousins has 30 days to match the offer after notice from you
(o) Franchisor's option to purchase franchisee's business	Section 20.J	Cousins can purchase at fair market value upon termination or expiration. Fair market value determined by independent appraiser
(p) Death or disability of franchisee	Section 21.F	Franchise must be assigned to approved party within 12 months

Provision	Section in Franchise Agreement	Summary
(q) Non-competition covenants during the term of the franchise	Sections 18.A and 18.B	No involvement in or diverting business to any "competitive business"
(r) Non-competition covenants after the franchise is terminated or expires	Sections 18.B and 18.C	No interest in or diverting business to any "competitive business" for 2 years in market area or within 10 miles of any other Cousins Subs Shop
(s) Modification of the agreement	Sections 9.A, 11 and 22.C	No modification generally but Cousins can change the Confidential Operations Manual and System standards
(t) Integration/merger clause	Section 22.M	Only terms of Franchise Agreement are binding (subject to state law). However, nothing in the Franchise Agreement or any related agreement is intended to disclaim Cousins' representations made in this disclosure document.
(u) Dispute resolution by arbitration or mediation	Not applicable	Not applicable
(v) Choice of forum	Section 22.J	Litigation must be commenced in the state or federal court in or nearest Menomonee Falls, Wisconsin (subject to state law)
(w) Choice of law	Section 22.J	Wisconsin law applies (subject to state law)

MULTI-UNIT DEVELOPMENT AGREEMENT

This table lists certain important provisions of the multi-unit development agreement and related agreements. You should read these provisions in the agreement attached to this disclosure document.

Provision	Section in Multi-Unit Development Agreement	Summary
(a) Length of the franchise term	Section 4.A	Coincides with development schedule, expiring on the earlier of (i) the date on which the last Cousins Subs Shop opens on the development schedule or (ii) the latest deadline date listed on the development schedule
(b) Renewal or extension of the term	Not applicable	Not applicable
(c) Requirements for developer to renew or extend	Not applicable	Not applicable
(d) Termination by developer	Not applicable	You may not terminate the Multi-Unit Development Agreement
(e) Termination by franchisor without cause	Not applicable	Cousins may not terminate the Multi-Unit Development Agreement without cause
(f) Termination by franchisor with cause	Section 4.C	Cousins can terminate only if you commit any one of several listed violations
(g) "Cause" defined – curable defaults	Section 4.C	30 days for all curable defaults

Provision	Section in Multi-Unit Development Agreement	Summary
(h) "Cause" defined – non-curable defaults	Section 4.C	Includes: failure to meet a development schedule, material misrepresentation or omission in application, conviction of a felony, insolvency or inability to pay debts as they become due or an assignment for benefit of creditors, fail to pay third-party obligations owed in connection with your business under the Multi-Unit Development Agreement, violation of any in-term or post-term noncompetition restrictions of the Multi-Unit Development Agreement, unauthorized transfer, or termination of any franchise agreement or other agreement with Cousins
(i) Developer's obligations on termination/non-renewal	Sections 4.D and 6	Comply with post-termination covenants not to compete and conditions of any franchise agreement executed under Multi-Unit Development Agreement (see i. of the Franchise Agreement table)
(j) Assignment of contract by franchisor	Section 6.A	No restriction under right to assign or delegate duties and obligations to third parties
(k) "Transfer" by developer - defined	Section 6.B	Includes any transfer of any interest in the Multi-Unit Development Agreement, or ownership interest, whether voluntary or involuntarily
(l) Franchisor approval of transfer by developer	Section 6.C	Cousins has the right to approve all transfers

Provision	Section in Multi-Unit Development Agreement	Summary
(m) Conditions for franchisor approval of transfer	Section 6.C	Transferee must qualify; all information or documents requested by Cousins regarding the proposed transfer, the transferee, and its owners must be provided to Cousins; you must transfer all Shops developed under the Multi-Unit Development Agreement and all accompanying franchise agreements; transferee assumes all of your obligations under the Multi-Unit Development Agreement; all amounts due to Cousins are paid in full; transferee must sign the then-current form of Multi-Unit Development Agreement (which terms may materially differ from the Multi-Unit Development Agreement); you must pay Cousins a transfer fee of $5,000; you and your owners sign a general release and abide by the post-termination covenants not to compete; you comply with all transfer requirements under each franchise agreement; and provide 30 days advanced written notice of transfer
(n) Franchisor's right of first refusal to acquire developer's business	Not applicable	Not applicable
(o) Franchisor's option to purchase developer's business	Not applicable	Not applicable
(p) Death or disability of developer	Section 6.E	Multi-Unit Development Agreement or your ownership interest must be assigned to approved party within 12 months
(q) Non-competition covenants during the term of the franchise	Sections 5.A and 5.B	No involvement in or diverting business to any "competitive business"
(r) Non-competition covenants after the franchise is terminated or expires	Sections 5.B and 5.C	No interest in or diverting business to "competitive business" for 2 years in multi-unit area or within 10 miles of any other Cousins Subs Shop

Provision	Section in Multi-Unit Development Agreement	Summary
(s) Modification of the agreement	Sections 7.B and 7.G.1	No modification generally
(t) Integration/merger clause	Section 7.K	Only terms of Multi-Unit Development Agreement are binding (subject to state law). However, nothing in the Multi-Unit Development Agreement or any related agreement is intended to disclaim Cousins' representations made in this disclosure document.
(u) Dispute resolution by arbitration or mediation	Not applicable	Not applicable
(v) Choice of forum	Section 7.I	Litigation must be commenced in the state or federal court in or nearest Menomonee Falls, Wisconsin (subject to state law)
(w) Choice of law	Section 7.I	Wisconsin law applies (subject to state law)

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit 1.

Item 18

PUBLIC FIGURES

In September 2022, Cousins entered into an Athlete Endorsement Agreement with Donald Driver, a former wide receiver for the Green Bay Packers. Under the Athlete Endorsement Agreement, Mr. Driver has agreed to engage in certain endorsement activities to promote Cousins, Cousins Subs Shops and products sold by Cousins Subs Shops, and the Cousins Subs franchise opportunity. In exchange for Mr. Driver's endorsement services, during each of the first three years of the Athlete Endorsement Agreement, Cousins will contribute the sum of $150,000 toward sponsorship opportunities with charitable organizations mutually agreed upon by Mr. Driver and Cousins. Cousins also will contribute toward sponsorship opportunities with charitable organizations mutually agreed upon by Mr. Driver and Cousins by contributing 50% of any initial franchise fee Cousins collects during the first three years of the Athlete Endorsement Agreement from any franchisee that Mr. Driver directly refers to Cousins. Mr. Driver does not have any ownership interest in Cousins, nor is he involved in the management or control of Cousins.

Except as described above, Cousins does not use any public figure to promote the 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.

PART 1-A:

AVERAGE GROSS RECEIPTS OF AFFILIATE-OWNED SHOPS FOR YEARS 2020 TO 2022

ALL SHOPS[1]

2022 [2]

Category[3]	High	Middle	Low
Number of Shops in Category	14	14	14
Average Gross Receipts[4]	$1,353,617	$1,004,905	$670,560
Number/Percent of Shops Exceeding Average	5 (36%)	6 (43%)	7 (50%)
Median Gross Receipts[4]	$1,325,894	$1,001,135	$666,875
Range - Low End	$1,205,758	$856,586	$484,480
Range - High End	$1,597,370	$1,205,460	$833,954
System-wide Average/Median of Affiliate-Owned Shops	$1,009,694	/	$1,001,135
Number of Shops Exceeding the System-wide Average	20 (48%)		

2021 [2]

Category[3]	High	Middle	Low
Number of Shops in Category	12	11	11
Average Gross Receipts[4]	$1,325,040	$851,412	$553,691
Number/Percent of Shops Exceeding Average	7 (58%)	5 (45%)	5 (45%)
Median Gross Receipts[4]	$1,365,947	$846,529	$551,311
Range - Low End	$1,102,206	$751,709	$311,179
Range - High End	$1,591,638	$925,863	$730,761
System-wide Average/Median of Affiliate-Owned Shops	$922,254	/	$857,712
Number of Shops Exceeding the System-wide Average	13 (38%)		

	2020 [2]		
Category[3]	High	Middle	Low
Number of Shops in Category	9	8	8
Average Gross Receipts[4]	$1,200,276	$786,228	$457,647
Number/Percent of Shops Exceeding Average	4 (44%)	4 (50%)	5 (63%)
Median Gross Receipts[4]	$1,198,520	$775,919	$476,802
Range - Low End	$1,000,493	$597,293	$353,317
Range - High End	$1,380,727	$967,444	$594,317
System-wide Average/Median of Affiliate-Owned Shops	$830,139	/	$840,647
Number of Shops Exceeding the System-wide Average	13 (52%)		

PART 1-B:

AVERAGE GROSS RECEIPTS OF FRANCHISED SHOPS FOR YEARS 2020 TO 2022

TRADITIONAL SHOPS[1]

	2022 [2]		
Category[3]	High	Middle	Low
Number of Shops in Category	14	15	14
Average Gross Receipts[4]	$1,124,666	$768,246	$396,184
Number/Percent of Shops Exceeding Average	4 (29%)	9 (60%)	7 (50%)
Median Gross Receipts[4]	$1,029,332	$789,352	$398,499
Range - Low End	$894,491	$575,781	$182,618
Range - High End	$2,045,577	$891,720	$534,845
System-wide Average/Median of Traditional Shops	$763,153	/	$789,352
Number of Shops Exceeding the System-wide Average	23 (53%)		

	2021 [2]		
Category[3]	High	Middle	Low
Number of Shops in Category	18	17	17
Average Gross Receipts[4]	$1,142,840	$770,008	$428,531
Number/Percent of Shops Exceeding Average	6 (33%)	8 (47%)	9 (53%)
Median Gross Receipts[4]	$1,047,741	$755,549	$428,644
Range - Low End	$915,729	$659,159	$243,905
Range - High End	$2,180,181	$914,797	$618,817
System-wide Average/Median of Traditional Shops	$787,428	/	$764,892
Number of Shops Exceeding the System-wide Average	22 (42%)		

	2020 [2]		
Category[3]	High	Middle	Low
Number of Shops in Category	21	21	20
Average Gross Receipts[4]	$960,643	$628,839	$341,191
Number/Percent of Shops Exceeding Average	7 (33%)	11 (52%)	9 (45%)
Median Gross Receipts[4]	$866,362	$636,883	$333,885
Range - Low End	$757,451	$535,100	$172,731
Range - High End	$1,899,793	$744,226	$524,848
System-wide Average/Median of Traditional Shops	$648,435	/	$637,342
Number of Shops Exceeding the System-wide Average	29 (47%)		

FRANCHISED NON-TRADITIONAL SHOPS[1]

Year[2]	2022	2021	2020
Number of Shops in Category	5	6	6
Average Gross Receipts[4]	$442,527	$491,202	$422,869
Number/Percent of Shops Exceeding Average	3 (60%)	2 (33%)	2 (33%)
Median Gross Receipts[4]	$443,152	$426,278	$339,239
Range - Low End	$304,600	$308,366	$251,810
Range - High End	$633,284	$837,525	$778,290

PART 1-C:

AVERAGE GROSS RECEIPTS DRIVE THRU AND NON-DRIVE THRU SHOPS FOR YEARS 2020 TO 2022

ALL TRADITIONAL DRIVE THRU SHOPS[5]

Year[2]	2022	2021	2020
Number of Shops in Category	31	29	26
Average Gross Receipts[4]	$1,097,185	$1,094,823	$984,348
Number/Percent of Shops Exceeding Average	16 (52%)	15 (52%)	15 (58%)
Median Gross Receipts[4]	$1,101,141	$1,135,895	$1,014,616
Range – Low End	$307,667	$402,700	$372,263
Range – High End	$2,045,577	$2,180,181	$1,899,793

AFFILIATE-OWNED TRADITIONAL DRIVE THRU SHOPS[5]

Year[2]	2022	2021	2020
Number of Shops in Category	24	17	13
Average Gross Receipts[4]	$1,109,235	$1,075,239	$999,195
Number/Percent of Shops Exceeding Average	12 (50%)	9 (53%)	9 (69%)
Median Gross Receipts[4]	$1,153,449	$1,214,794	$1,161,142
Range – Low End	$571,531	$498,313	$392,798
Range – High End	$1,597,370	$1,591,638	$1,380,727

FRANCHISED TRADITIONAL DRIVE THRU SHOPS[5]

Year[2]	2022	2021	2020
Number of Shops in Category	7	12	13
Average Gross Receipts[4]	$1,055,868	$1,122,567	$969,502
Number/Percent of Shops Exceeding Average	3 (43%)	5 (42%)	6 (46%)
Median Gross Receipts[4]	$953,452	$1,083,008	$921,595
Range – Low End	$307,667	$402,700	$372,263
Range – High End	$2,045,577	$2,180,181	$1,899,793

ALL TRADITIONAL NON-DRIVE THRU SHOPS[6]

Year[2]	2022	2021	2020
Number of Shops in Category	54	57	61
Average Gross Receipts[4]	$763,148	$711,457	$586,960
Number/Percent of Shops Exceeding Average	30 (56%)	32 (56%)	28 (46%)
Median Gross Receipts[4]	$793,707	$746,656	$594,334
Range – Low End	$182,618	$243,905	$172,731
Range – High End	$1,341,465	$1,408,170	$1,189,876

AFFILIATE-OWNED TRADITIONAL NON-DRIVE THRU SHOPS[6]

Year[2]	2022	2021	2020
Number of Shops in Category	18	17	12
Average Gross Receipts[4]	$876,972	$769,269	$646,995
Number/Percent of Shops Exceeding Average	9 (50%)	8 (47%)	5 (42%)
Median Gross Receipts[4]	$879,969	$764,980	$606,348
Range – Low End	$484,480	$311,179	$353,317
Range – High End	$1,290,829	$1,190,769	$967,444

FRANCHISED TRADITIONAL NON-DRIVE THRU SHOPS[6]

Year[2]	2022	2021	2020
Number of Shops in Category	36	40	49
Average Gross Receipts[4]	$706,237	$686,887	$563,254
Number/Percent of Shops Exceeding Average	19 (53%)	21 (53%)	27 (55%)
Median Gross Receipts[4]	$761,495	$723,012	$577,263
Range – Low End	$182,618	$243,905	$172,731
Range – High End	$1,341,465	$1,408,170	$1,189,876

NOTES TO PARTS 1-A, 1-B, AND 1-C:

1. "Traditional Shops" mean all COUSINS SUBS Shops other than those "Non-traditional Shops." "Non-traditional Shops" mean those COUSINS SUBS Shops which are (a) co-branded with a pizza establishment, (b) located within a convenience store, or (c) attached to a convenience store. There were two affiliate-owned Non-traditional Shops operated in 2020 and those are included in the total affiliate-owned Shops. There were 3 affiliate-owned Non-traditional Shops operated in 2021 and 4 affiliate-owned Non-traditional Shops operated in 2022 and those are included in the total affiliate-owned Shops.

2. The fiscal year ends on the last Sunday of the calendar year. The fiscal years for 2020, 2021, and 2022 all included 52 weeks. The numbers in the above charts are for the fiscal years ending December 27, 2020, December 26, 2021, and December 25, 2022. Each chart includes all affiliate-owned and franchised Shops that were open the entire applicable fiscal year. The charts do not include Shops that were opened during the applicable fiscal year or closed for an extended period during a remodel. The charts do not include special event locations or food trucks. The affiliate-owned charts include Shops that were acquired from a franchisee, or sold to a franchisee, during a fiscal year if the Shop was affiliate-owned

for 6 months or longer during the applicable fiscal year; if the Shop was not affiliate-owned for at least 6 months, it was included in the applicable Franchised Shops chart. During the 2020 fiscal year, Cousins acquired 4 Shops from franchisees, none of which are included in the affiliate-owned chart. During the 2021 fiscal year, Cousins acquired 10 Shops from franchisees, 4 of which are included in the affiliate-owned chart. During the 2022 fiscal year, Cousins acquired 3 Shops from franchisees, all of which are included in the affiliate-owned chart.

3. The Traditional Shops were ranked according to the annual amount of gross receipts and divided into 3 equal categories. The "High" category contains the top third, the "Middle" category contains the middle third, and the "Low" category contains the bottom third.

4. "Gross receipts" means the aggregate amount of all sales of food products, beverages and other merchandise and products of every kind or nature sold from, at or in connection with the Cousins Subs Shop or arising out of the operation or conduct of business by the Cousins Subs Shop, including any revenues from all vending machine, video game machine and juke box sales, less any customer refunds up to the amount of the sales price and excluding all sales, use or service taxes collected and paid to the appropriate taxing authority. "Gross receipts" shall include: (a) all amounts redeemed from gift certificates, gift cards or similar mediums, (b) all insurance proceeds received for loss of business due to a casualty or similar event at the Shop, and (c) the fair market value of any services or products received in barter or exchange for services or products.

5. "Traditional Drive Thru Shops" mean all traditional COUSINS SUBS Shops that operated with a drive thru for the entire year of operation.

6. "Traditional Non-Drive Thru Shops" mean all traditional COUSINS SUBS Shops that operated the entire year of operation and did not have a drive thru.

[Part 2 begins on next page]

PART 2:

AVERAGE ANNUAL REVENUE, EXPENSES AND EBITDA[1] OF AFFILIATE-OWNED SHOPS[2] FOR YEARS 2020 TO 2022

Fiscal Year Ending December 25, 2022[3]

Category	Revenue from $0 to $699,999		Revenue from $700,000 to $999,999		Revenue Greater than $1,000,000	
Number of Shops Within Category	9		10		21	
Revenue	**Average $**	**% of Revenue**	**Average $**	**% of Revenue**	**Average $**	**% of Revenue**
Product sales	662,751	109.15%	954,046	108.70%	1,363,181	108.45%
Less: Discounts- Coupons	(22,720)	- 3.74%	(34,114)	-3.89%	(44,904)	-3.57%
Less: Employee Discounts	(32,852)	-5.41%	(43,266)	-4.81%	(61,312)	-4.88%
Total Revenue:	**607,179**	**100%**	**877,666**	**100%**	**1,256,965**	**100%**
Number/Percentage of Shops with Revenue that exceeded the average	5 (56%)		5 (50%)		11 (52%)	
Cost of Goods Sold						
Food & Beverage Products	157,852	26.00%	224,371	25.56%	317,682	25.27%
Paper Products	18,854	3.11%	26,529	3.02%	37,039	2.95%
Total Cost of Goods Sold:	**176,706**	**29.11%**	**250,900**	**28.58%**	**354,721**	**28.22%**
Number/Percentage of Shops with Cost of Goods Sold below the average	4 (44%)		6 (60%)		8 (38%)	
Operating Expenses						
Wages[4]	208,067	34.27%	266,383	30.35%	349,461	27.80%
Occupancy	44,614	7.35%	63,695	7.26%	90,996	7.24%
Telephone & Utilities	18,064	2.98%	20,327	2.32%	28,176	2.24%
Advertising[5]	32,533	5.36%	45,966	5.24%	61,741	4.91%
Employee Benefits[6]	7,955	1.31%	9,631	1.10%	19,252	1.53%
Other Operating Expenses[7]	67,405	11.10%	79,054	9.01%	105,924	8.43%
Franchise Fees[8]	36,431	6.00%	52,660	6.00%	75,418	6.00%
Total Operating Expenses:	**415,069**	**68.37%**	**537,717**	**61.28%**	**730,968**	**58.15%**
Number/Percentage of Shops with Operating Expenses below the average	4 (44%)		5 (50%)		12 (57%)	
Shop EBITDA:	**15,404**	**2.52%**	**89,049**	**10.14%**	**171,276**	**13.63%**
Number/Percentage of Shops with EBITDA that exceeded the average	3 (33%)		5 (50%)		9 (43%)	

Fiscal Year Ending December 26, 2021[3]

Category	Revenue from $0 to $699,999		Revenue from $700,000 to $999,999		Revenue Greater than $1,000,000	
Number of Shops Within Category	8		9		12	
Revenue	**Average $**	**% of Revenue**	**Average $**	**% of Revenue**	**Average $**	**% of Revenue**
Product sales	615,126	108.41%	919,092	108.67%	1,427,816	107.76%
Less: Discounts- Coupons	(19,029)	- 3.35%	(29,816)	-3.57%	(39,794)	-3.00%
Less: Employee Discounts	(28,699)	-5.06%	(36,912)	-5.10%	(63,026)	-4.76%
Total Revenue:	**567,398**	**100%**	**852,364**	**100%**	**1,324,996**	**100%**
Number/Percentage of Shops with Revenue that exceeded the average	3 (38%)		5 (56%)		7 (58%)	
Cost of Goods Sold						
Food & Beverage Products	138,454	24.40%	205,430	24.10%	319,719	24.13%
Paper Products	14,222	2.51%	21,852	2.56%	32,628	2.46%
Total Cost of Goods Sold:	**152,676**	**26.91%**	**227,282**	**26.66%**	**352,347**	**26.59%**
Number/Percentage of Shops with Cost of Goods Sold below the average	5 (63%)		5 (56%)		5 (42%)	
Operating Expenses						
Wages[4]	182,685	32.20%	245,216	28.77%	348,045	26.27%
Occupancy	48,045	8.47%	50,416	5.91%	90,648	6.84%
Telephone & Utilities	15,235	2.69%	19,873	2.33%	27,684	2.09%
Advertising[5]	29,510	5.20%	41,305	4.85%	62,302	4.70%
Employee Benefits[6]	9,386	1.65%	15,093	1.77%	23,078	1.74%
Other Operating Expenses[7]	66,300	11.68%	84,067	9.86%	109,757	8.28%
Franchise Fees[8]	34,044	6.00%	51,142	6.00%	79,500	6.00%
Total Operating Expenses:	**385,205**	**67.89%**	**507,112**	**59.49%**	**741,014**	**55.92%**
Number/Percentage of Shops with Operating Expenses below the average	5 (63%)		6 (67%)		6 (50%)	
Shop EBITDA:	**29,517**	**5.20%**	**117,970**	**13.85%**	**231,635**	**17.49%**
Number/Percentage of Shops with EBITDA that exceeded the average	5 (63%)		5 (56%)		6 (50%)	

Fiscal Year Ending December 27, 2020[3]

Category	Revenue from $0 to $699,999		Revenue from $700,000 to $999,999		Revenue Greater than $1,000,000	
Number of Shops Within Category	11		5		9	
Revenue	**Average $**	**% of Revenue**	**Average $**	**% of Revenue**	**Average $**	**% of Revenue**
Product sales	554,886	110.11%	958,595	108.67%	1,312,347	109.36%
Less: Discounts- Coupons	(16,373)	- 3.25%	(31,451)	-3.57%	(40,759)	-3.40%
Less: Employee Discounts	(34,562)	-6.86%	(45,053)	-5.10%	(71,611)	-5.96%
Total Revenue:	**503,951**	**100%**	**882,091**	**100%**	**1,199,977**	**100%**
Number/Percentage of Shops with Revenue that exceeded the average	5 (45%)		3 (60%)		4 (44%)	
Cost of Goods Sold						
Food & Beverage Products	122,236	24.26%	210,374	23.85%	283,686	23.64%
Paper Products	11,853	2.35%	18,442	2.09%	27,507	2.29%
Total Cost of Goods Sold:	**134,089**	**26.61%**	**228,816**	**25.94%**	**311,193**	**25.93%**
Number/Percentage of Shops with Cost of Goods Sold below the average	6 (55%)		2 (40%)		4 (44%)	
Operating Expenses						
Wages[4]	168,401	33.42%	232,893	26.40%	314,476	26.21%
Occupancy	47,515	9.43%	66,074	7.49%	94,955	7.91%
Telephone & Utilities	15,176	3.01%	21,235	2.41%	25,868	2.16%
Advertising[5]	24,836	4.93%	40,393	4.58%	53,963	4.50%
Employee Benefits[6]	8,421	1.67%	16,036	1.82%	22,205	1.85%
Other Operating Expenses[7]	53,281	10.57%	66,759	7.57%	82,478	6.87%
Franchise Fees[8]	30,237	6.00%	52,925	6.00%	71,999	6.00%
Total Operating Expenses:	**347,867**	**69.03%**	**496,315**	**56.27%**	**665,944**	**55.50%**
Number/Percentage of Shops with Operating Expenses below the average	4 (36%)		1 (20%)		4 (44%)	
Shop EBITDA:	**21,995**	**4.36%**	**156,960**	**17.79%**	**222,840**	**18.57%**
Number/Percentage of Shops with EBITDA that exceeded the average	4 (36%)		2 (40%)		4 (44%)	

NOTES TO PART 2:

1. "EBITDA" means the earnings of the Shop before interest, taxes, depreciation, and amortization expenses.

2. These Shops are owned and/or operated by Cousins Submarines, Inc. The financial information from each Shop has not been audited. No corporate overhead of Cousins Submarines, Inc. is allocated to the Shops for certain services, including accounting, legal, and human resources. None of these Shops pay a continuing service fee to Cousins.

3. These charts include information on all the Shops that were open during the entire fiscal year. They do not include a company owned food truck, a delivery only Shop, or 2 additional seasonal units which operated at multiple venues in Milwaukee, Wisconsin and at multiple venues in Madison, Wisconsin. The chart does not include 4 Shops that were acquired from franchisees and 1 new Shop that was opened in 2020. The chart does not include 10 Shops that were acquired from franchisees in 2021. The chart does not include 3 Shops that were acquired from franchisees in 2022 and 2 new stores that were not open all of 2022.

4. "Wages" means the base salary and wages for management and hourly employees, including taxes.

5. "Advertising" includes each Shop's contribution to the Advertising and Development Fund (described in Item 11) and an advertising co-operative, as well as other promotional expenses.

6. "Employee Benefits" include bonuses, vacation pay, and health and dental insurance.

7. "Other Operating Expenses" include maintenance, cleaning services, suppliers, and POS software expenses.

8. "Franchise Fees" includes the Continuing Service Fees that would have been payable from these Shops if they were franchised Shops; however, none of these Shops pay a continuing service fee to Cousins.

PART 3:

GROWTH IN AVERAGE UNIT VOLUME BETWEEN FISCAL YEAR 2011 AND FISCAL YEAR 2021

The Average Unit Volume of all Shops increased by 104% in fiscal year 2022 from the Average Unit Volume of all Shops in fiscal year 2011.

The "Average Unit Volume" is the average of the Average Weekly Volume for all weeks of the applicable fiscal year multiplied by 52. The "Average Weekly Volume" is the average of the Net Sales for all Shops that were open for the applicable fiscal week. To calculate the Average Weekly Volume, we combined the Net Sales of all Shops (including all franchised and affiliated-owned traditional and non-traditional Shops) that were open during the applicable fiscal week and divided the total Net Sales by the number of Shops that had been open during that fiscal week. "Net Sales" is the aggregate amount of all sales of food products, beverages and other merchandise and products of every kind or nature sold from, at or in connection with a Shop or arising out of the operation or conduct of business by a Shop, including any revenues from all vending machine, video game machine and juke box sales, less any employee discounts, coupons and customer refunds up to the amount of the sales price. A fiscal week refers to a week beginning on a Sunday and ending on the following Saturday. For purposes of calculating the Average Weekly Volume, the number of Shops included in the calculation varied from week to week (ranging from 92 Shops to 145 Shops) depending on the number of Shops that were actually open during the applicable fiscal week.

PART 4:

SYSTEM-WIDE ANNUAL NET SALES FOR SHOPS[1] IN FISCAL YEARS 2011 AND 2021

Fiscal Year	System-Wide Annual Net Sales[2]
2011	$45,104,572
2022	$74,289,712
2022 vs. 2011	+64.7%

NOTES TO PART 4:

1. This includes the annual Net Sales of the 37 traditional franchised Shops, 5 non-traditional franchised Shops, 39 traditional affiliated-owned Shops, and 3 non-traditional affiliate-owned Shops that were open during both the entire 2011 fiscal year and the entire 2022 fiscal year. Some shops that were included as franchised Shops during 2011 were affiliate-owned Shops in 2022.

2. This is the sum of the annual Net Sales for all Shops that were open during both entire fiscal years.

PART 5:

YEARLY GROWTH IN NET SALES

Year[1]	Percentage Growth in Net Sales as Compared to Previous Year	Number of Shops[2]
2017	3.7%	99
2018	1.5%	94
2019	1.7%	90
2020	5.7%	91
2021	18.2%	90
2022	3.9%	92

NOTES TO PART 5:

1. For each of the above referenced fiscal years, the percentage growth is the percentage increase in Net Sales as compared to the prior fiscal year.

2. The Shops included in each comparison include all of the Shops that were open for both of the full comparison periods (except for temporary closures for remodels or government shutdown) and excludes those Shops which were not open for both full comparison periods. They do not include a company owned food truck or 2 additional seasonal units which operated at multiple venues in Milwaukee, Wisconsin and at multiple venues in Madison, Wisconsin.

* * *

Some Shops have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Written substantiation of the data used in preparing the financial performance representation will be made available to a prospective franchisee on reasonable request.

Except as described above, Cousins does not make any financial performance representations. Cousins also does not authorize its employees or representatives to make any such representation, orally or in writing. If you are purchasing an existing outlet, however, Cousins may provide you with the actual records of that outlet. If you receive any other financial performance information or projection of your future income, you should report it to Cousins' management by contacting Christine A. Specht-Palmert, N83 W13400 Leon Road, Menomonee Falls, Wisconsin 53051, 262/253-7700, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

SYSTEM WIDE SHOP SUMMARY FOR YEARS 2020 to 2022[1]

Outlet Type	Year	Shops at the Start of the Year	Shops at the End of the Year	Net Change
Franchised	2020	71	65	-6
	2021	65	53	-12
	2022	53	48	-5
Company-Owned[2]	2020	27	31	+4
	2021	31	40	+9
	2022	40	44	+4
Total Outlets[3]	**2020**	**98**	**96**	**-2**
	2021	**96**	**93**	**-3**
	2022	**93**	**92**	**-1**

1/ The numbers in this table are for the fiscal years ended December 27, 2020, December 26, 2021, and December 25, 2022.

2/ These Shops are owned and operated by Cousins Submarines, Inc., either directly or through subsidiaries.

3/ The total outlets do not include three licensed non-traditional locations.

TABLE NO. 2

TRANSFERS OF SHOPS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE) FOR YEARS 2020 to 2022[1]

State	Year	Number of Transfers
Wisconsin	2020	2
	2021	4
	2022	2
Total	**2020**	**2**
	2021	**4**
	2022	**2**

1/ The numbers in this table are for the fiscal years ended December 27, 2020, December 26, 2021, and December 25, 2022.

TABLE NO. 3

STATUS OF FRANCHISED SHOPS FOR YEARS 2020 to 2022[1]

State	Year	Shops at Start of Year	Shops Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Shops at End of Year
Illinois	2020	5	0	2	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	0	1	0	0	0	3
Indiana	2020	1	1	0	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
Wisconsin[2]	2020	65	0	1	0	4	0	60
	2021	60	0	2	0	10	0	48
	2022	48	0	1	0	3	0	44
Totals[3]	**2020**	**71**	**1**	**3**	**0**	**4**	**0**	**65**
	2021	**65**	**1**	**3**	**0**	**10**	**0**	**53**
	2022	**53**	**0**	**2**	**0**	**3**	**0**	**48**

1/ The numbers in this table are for the fiscal years ended December 27, 2020, December 26, 2021, and December 25, 2022.

2/ In January 2023, three franchised locations were reacquired by a subsidiary of Cousins Submarines, Inc.

3/ The total outlets do not include three licensed non-traditional locations.

TABLE NO. 4

STATUS OF AFFILIATE-OWNED SHOPS
FOR YEARS 2020 to 2022[1, 2]

State	Year	Shops at Start of Year	Shops Opened	Shops Reacquired from Franchisee	Shops Closed	Shops Sold to Franchisee	Shops at End of Year
Wisconsin	2020	27	1	4	1	0	31
	2021	31	0	10	1	0	40
	2022	40	2	3	1	0	44
Totals	**2020**	**27**	**1**	**4**	**1**	**0**	**31**
	2021	**31**	**0**	**10**	**1**	**0**	**40**
	2022	**40**	**2**	**3**	**1**	**0**	**44**

1/ The numbers in this table are for the fiscal years ended December 27, 2020, December 26, 2021, and December 25, 2022.

2/ Cousins Submarines, Inc. owns and operates the "Affiliate-Owned Shops" either directly or indirectly through subsidiaries.

TABLE NO. 5
PROJECTED OPENINGS
AS OF DECEMBER 25, 2022, FOR THE 2023 FISCAL YEAR

State	Franchise Agreements Signed But Shop Not Opened	Projected New Franchised Shops in the Next Fiscal Year	Projected New Company-Owned Shops in the Next Fiscal Year
Indiana	0	0	4
Wisconsin	0	0	4
Totals	**0**	**0**	**8**

A list of the names of all franchisees and the addresses and telephone numbers of their Shops is attached as Exhibit H to this disclosure document. The names, cities and states and business telephone numbers (or, if unknown, the last known home telephone numbers) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year ending December 25, 2022, or who has not communicated with Cousins within 10 weeks of the issuance date of this disclosure document is attached as Exhibit I-1 to this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. A list of the names of all franchisees who have signed franchise agreements for Shops which are not yet operational as of December 25, 2022 is attached as Exhibit I-2 to this disclosure document.

During the last 3 fiscal years, current and former franchisees have signed confidentiality clauses restricting their ability to speak openly about their experience with Cousins. 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.

There is no trademark-specific franchisee organization associated with the Cousins Subs franchise system.

Item 21

FINANCIAL STATEMENTS

Attached as Exhibit A are the audited financial statements of Cousins for the fiscal years ending December 27, 2020, December 26, 2021, and December 25, 2022.

Cousins operates on a 52/53 week year. The fiscal year ends on the last Sunday in December.

Item 22

CONTRACTS

The following agreements are attached as exhibits to this disclosure document:

1	State Riders to Franchise Agreement
B	Franchise Agreement
C	Multi-Unit Development Agreement
D	Management Agreement
E	Lease Addendum
F	Equipment Lease Agreement
G	Renewal Addendum to Franchise Agreement
J-1	Qualification Form
J-2	Qualification and Deposit Agreement
L	Representations and Acknowledgement Statement
M	Sample General Release
N	Consent to Transfer

Item 23

RECEIPTS

Cousins' and your copies of the Disclosure Document Receipt are attached as Exhibit O to this disclosure document.

EXHIBIT 1

ADDITIONAL STATE SPECIFIC DISCLOSURES AND RIDERS

ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF COUSINS SUBS SYSTEMS, INC.

FOR THE FOLLOWING STATES: ILLINOIS, INDIANA, MICHIGAN, MINNESOTA, OR WISCONSIN.

No statement, questionnaire, or acknowledgment signed or agreed to by a FRANCHISEE in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The following are additional disclosures for the Franchise Disclosure Document of COUSINS SUBS SYSTEMS, INC. required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

ILLINOIS

1. The following language is added to the Risk Factors section of the state cover page: THE PRINCIPAL TRADEMARKS ARE OWNED BY COUSINS SUBMARINES, INC., COUSINS'S AFFILIATE, WHO HAS GRANTED COUSINS A PERPETUAL RIGHT TO USE AND TO LICENSE THE USE OF THE TRADEMARKS TO FRANCHISEES IN CONNECTION WITH THE DEVELOPMENT AND OPERATION OF COUSINS SUBS SHOPS.

2. The "Summary" section of Item 17(v), entitled Choice of forum, in the Franchise Agreement and Multi-Unit Development Agreement tables, is deleted in its entirety.

3. The "Summary" section of Item 17(w), entitled Choice of law, in the Franchise Agreement and Multi-Unit Development Agreement, tables is deleted in its entirety and replaced with the following:

Except to the extent governed by the Lanham Act, the laws of the State of Illinois apply.

MINNESOTA

1. The following paragraphs are added to the end of Item 17:

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the franchise disclosure document or agreements can

abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement or Multi-Unit Development Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sec. 80C.14 Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the applicable agreement.

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT, MULTI-UNIT DEVELOPMENT AGREEMENT AND MANAGEMENT AGREEMENT

RIDER TO THE COUSINS SUBS SYSTEMS, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS

This Rider to the Franchise Agreement is made by and between COUSINS SUBS SYSTEMS, INC., a Wisconsin corporation ("FRANCHISOR") and _____ ("FRANCHISEE") to amend and revise said Franchise Agreement as follows:

1. **BACKGROUND**. FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the COUSINS SUBS Shop that FRANCHISEE will operate under the Franchise Agreement will be located in Illinois, and/or (b) FRANCHISEE is domiciled in Illinois.

2. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. The following language is added to the end of Section 22.H of the Franchise Agreement:

> HOWEVER, THIS SECTION SHALL NOT ACT AS A CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH ANY PROVISION OF THE ILLINOIS FRANCHISE DISCLOSURE ACT AT SECTION 705/41 OR ILLINOIS REGULATIONS AT SECTION 200.609.

3. **LIMITATION OF CLAIMS AND CLASS ACTION BAR**. The following language is added to the end of Section 22.I(1) of the Franchise Agreement:

> However, this Section shall not waive compliance with any provision of the Illinois Franchise Disclosure Act or any other Illinois law (as long as the jurisdictional requirements of the Illinois Franchise Disclosure Act are met).

4. **GOVERNING LAW/CONSENT TO JURISDICTION**. Section 22.K of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

> This Agreement and the Franchise shall be governed by the internal laws of the state of Illinois, without regard to conflict of laws rules, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.).

To the extent this Rider shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits or Attachments thereto, the terms of this Rider shall govern.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Rider as of the effective date of the Franchise Agreement.

ATTEST:	**COUSINS SUBS SYSTEMS, INC.**
_____	By: _____ Title: _____
ATTEST:	
_____ Witness	_____ FRANCHISEE
_____ Witness	_____ FRANCHISEE

RIDER TO THE COUSINS SUBS SYSTEMS, INC.
MULTI-UNIT DEVELOPMENT AGREEMENT
FOR THE STATE OF ILLINOIS

This Rider to the Franchise Agreement is made by and between COUSINS SUBS SYSTEMS, INC., a Wisconsin corporation ("FRANCHISOR") and _____ ("DEVELOPER") to amend and revise said Multi-Unit Development Agreement as follows:

1. **BACKGROUND**. FRANCHISOR and DEVELOPER are parties to that certain Multi-Unit Development Agreement dated _____, 20___ (the "Multi-Unit Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Multi-Unit Development Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Multi-Unit Development Agreement occurred in Illinois and the COUSINS SUBS Shop that DEVELOPER will operate and develop under the Multi-Unit Development Agreement will be located in Illinois, and/or (b) DEVELOPER is domiciled in Illinois.

2. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. The following language is added to the end of Section 7.F of the Multi-Unit Development Agreement:

> **HOWEVER, THIS SECTION SHALL NOT ACT AS A CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH ANY PROVISION OF THE ILLINOIS FRANCHISE DISCLOSURE ACT AT SECTION 705/41 OR ILLINOIS REGULATIONS AT SECTION 200.609.**

3. **LIMITATION OF CLAIMS AND CLASS ACTION BAR**. The following language is added to the end of Section 7.G(1) of the Multi-Unit Development Agreement:

> However, this Section shall not waive compliance with any provision of the Illinois Franchise Disclosure Act or any other Illinois law (as long as the jurisdictional requirements of the Illinois Franchise Disclosure Act are met).

4. **GOVERNING LAW/CONSENT TO JURISDICTION**. Section 7.I of the Multi-Unit Development Agreement is hereby deleted in its entirety and the following is substituted in its place:

> This Agreement shall be governed by the internal laws of the state of Illinois, without regard to conflict of laws rules, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.).

To the extent this Rider shall be deemed to be inconsistent with any terms or conditions of said Multi-Unit Development Agreement or Exhibits or Attachments thereto, the terms of this Rider shall govern.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Rider as of the effective date of the Multi-Unit Development Agreement.

ATTEST:	**COUSINS SUBS SYSTEMS, INC.**
_____	By:_____ Title:_____
ATTEST:	**DEVELOPER:**
_____	_____
_____	_____

RIDER TO THE COUSINS SUBS SYSTEMS, INC.
MANAGEMENT AGREEMENT
FOR THE STATE OF ILLINOIS

This Rider to the Management Agreement is made by and between COUSINS SUBS SYSTEMS, INC., a Wisconsin corporation ("MANAGER") and _____ ("FRANCHISEE") to amend and revise said Management Agreement as follows:

1. **BACKGROUND**. MANAGER and FRANCHISEE are parties to that certain Management Agreement dated _____, 20___ (the "Management Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Management Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Management Agreement occurred in Illinois and the COUSINS SUBS Shop that FRANCHISEE will operate under the Management Agreement will be located in Illinois, and/or (b) FRANCHISEE is domiciled in Illinois.

2. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. The following language is added to the end of Section 15 of the Management Agreement:

> However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/41 or Illinois Regulations at Section 200.609.

3. **LIMITATION OF CLAIMS AND CLASS ACTION BAR**. The following language is added to the end of Section 16 of the Management Agreement:

> However, this Section shall not waive compliance with any provision of the Illinois Franchise Disclosure Act or any other Illinois law (as long as the jurisdictional requirements of the Illinois Franchise Disclosure Act are met).

4. **GOVERNING LAW/CONSENT TO JURISDICTION**. Section 17 of the Management Agreement is hereby deleted in its entirety and the following is substituted in its place:

> This Agreement shall be governed by the internal laws of the state of Illinois, without regard to conflict of laws rules, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.).

To the extent this Rider shall be deemed to be inconsistent with any terms or conditions of said Management Agreement or Exhibits or Attachments thereto, the terms of this Rider shall govern.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Rider as of the effective date of the Management Agreement.

ATTEST:	**COUSINS SUBS SYSTEMS, INC.**
_____	By: _____ Title: _____
ATTEST:	
_____ Witness	_____ FRANCHISEE
_____ Witness	_____ FRANCHISEE

RIDER TO THE COUSINS SUBS SYSTEMS, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA

This Rider to the Franchise Agreement is made by and between COUSINS SUBS SYSTEMS, INC., a Wisconsin corporation ("FRANCHISOR") and _____ ("FRANCHISEE") to amend and revise said Franchise Agreement as follows:

1. **BACKGROUND**. FRANCHISOR and FRANCHISEE are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Cousins Subs Shop that FRANCHISEE will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RENEWAL AND TERMINATION**. The following language is added to the end of Sections 3 and 19 of the Franchise Agreement:

> Minnesota law provides franchisees with certain termination and non-renewal rights. Minn. Stat. § 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given ninety (90) days' notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days' notice for non-renewal of the Agreement.

3. **RELEASES**. The following language is added to the end of Section 3.B(7) and Section 21.C(8) of the Franchise Agreement:

> Any release required as a condition of renewal and/or assignment will not apply to the extent prohibited by the Minnesota Franchises Law.

4. **CONFIDENTIAL INFORMATION**. Section 10.D of the Franchise Agreement is deleted in its entirety and replaced with the following language:

> Due to the special and unique nature of the confidential information, the Marks, and Confidential Operations Manual of FRANCHISOR, FRANCHISEE hereby agrees and acknowledges that FRANCHISOR may seek immediate equitable remedies, including but not limited to, restraining orders and injunctive relief in order to safeguard such proprietary, confidential, unique, and special information of FRANCHISOR and that money damages alone would be an insufficient remedy with which to compensate FRANCHISOR for any breach of the related terms of this Agreement.

5. **DAMAGES**. The following language is added to the end of Section 20.G of the Franchise Agreement:

> FRANCHISOR and FRANCHISEE acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, FRANCHISOR and FRANCHISEE agree to enforce the provision to the extent the law allows.

6. **INJUNCTIVE RELIEF**. Section 22.B of the Franchise Agreement is hereby deleted and is replaced with the following:

B. **INJUNCTIVE RELIEF**.

> Nothing in this Agreement bars FRANCHISOR's right to seek specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause FRANCHISOR, the Marks and/or the franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. FRANCHISEE agrees that FRANCHISOR may seek such injunctive relief in addition to such further or other relief as may be available at law or in equity. FRANCHISEE agrees that FRANCHISEE's only remedy if an injunction is entered against FRANCHISEE will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

7. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If and then only to the extent required by the Minnesota Franchises Law, Section 22.H of the Franchise Agreement is deleted.

8. **LIMITATION OF CLAIMS AND CLASS ACTION BAR**. The following language is added to the end of Section 22.I(1) of the Franchise Agreement:

> ; provided, however, that Minnesota Law provides that no action may be commenced under Minn. Stat. Sec. 80C17 more than 3 years after the cause of action accrues.

9. **GOVERNING LAW/CONSENT TO JURISDICTION**. The following language is added to the end of Section 22.K of the Franchise Agreement:

> Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400j prohibit FRANCHISOR, except in certain specified cases, from requiring litigation to be conducted outside Minnesota. Nothing in this agreement shall abrogate or reduce any of FRANCHISEE'S rights under Minnesota Statutes Chapter 80C or FRANCHISEE'S right to any procedure, forum or remedies that the laws of the jurisdiction provide.

To the extent this Rider shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits or Attachments thereto, the terms of this Rider shall govern.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Rider as of the effective date of the Franchise Agreement.

ATTEST:

COUSINS SUBS SYSTEMS, INC.

_____

By:_____
Title:_____

Witness

ATTEST:

_____

Witness

_____

FRANCHISEE

_____

Witness

_____

FRANCHISEE

RIDER TO THE COUSINS SUBS SYSTEMS, INC.
MULTI-UNIT DEVELOPMENT AGREEMENT
FOR THE STATE OF MINNESOTA

This Rider to the Multi-Unit Development Agreement is made by and between COUSINS SUBS SYSTEMS, INC., a Wisconsin corporation ("FRANCHISOR") and _____ ("DEVELOPER") to amend and revise said Multi-Unit Development Agreement as follows:

1. **BACKGROUND**. FRANCHISOR and DEVELOPER are parties to that certain Multi-Unit Development Agreement dated _____, 20___ (the "Multi-Unit Development Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Multi-Unit Development Agreement. This Rider is being signed because (a) the Cousins Subs Shop that DEVELOPER will operate and develop under the Multi-Unit Development Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Multi-Unit Development Agreement occurred in Minnesota.

2. **TERMINATION**. The following language is added to the end of Section 4 of the Multi-Unit Development Agreement:

> Minnesota law provides developers with certain termination and non-renewal rights. Minn. Stat. § 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a developer be given ninety (90) days' notice of termination (with sixty (60) days to cure) of the Agreement.

3. **CONDITIONS FOR CONSENT TO ASSIGNMENT**. The following language is added to the end of Section 6.C(7) of the Multi-Unit Development Agreement:

> Any release required as a condition of assignment will not apply to the extent prohibited by the Minnesota Franchises Law.

4. **INJUNCTIVE RELIEF**. Section 7.A of the Multi-Unit Development Agreement is hereby deleted and is replaced with the following:

A. **INJUNCTIVE RELIEF**.

> Nothing in this Agreement bars FRANCHISOR's right to seek specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause FRANCHISOR, the Marks and/or the franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. DEVELOPER agrees that FRANCHISOR may seek such injunctive relief in addition to such further or other relief as may be available at law or in equity. DEVELOPER agrees that DEVELOPER's only remedy if an injunction is entered against DEVELOPER will

be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

5. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If and then only to the extent required by the Minnesota Franchises Law, Section 7.F of the Multi-Unit Development Agreement is deleted.

6. **LIMITATION OF CLAIMS AND CLASS ACTION BAR**. The following language is added to the end of Section 7.G(1) of the Multi-Unit Development Agreement:

> ; provided, however, that Minnesota Law provides that no action may be commenced under Minn. Stat. Sec. 80C17 more than 3 years after the cause of action accrues.

7. **GOVERNING LAW/CONSENT TO JURISDICTION**. The following language is added to the end of Section 7.I of the Multi-Unit Development Agreement:

> Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400j prohibit FRANCHISOR, except in certain specified cases, from requiring litigation to be conducted outside Minnesota. Nothing in this agreement shall abrogate or reduce any of DEVELOPER'S rights under Minnesota Statutes Chapter 80C or DEVELOPER'S right to any procedure, forum or remedies that the laws of the jurisdiction provide.

To the extent this Rider shall be deemed to be inconsistent with any terms or conditions of said Multi-Unit Development Agreement or Exhibits or Attachments thereto, the terms of this Rider shall govern.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Rider as of the effective date of the Multi-Unit Development Agreement.

ATTEST:	**COUSINS SUBS SYSTEMS, INC.**
_____	By:_____ Title:_____
ATTEST:	**DEVELOPER:**
_____	_____
_____	_____

RIDER TO THE COUSINS SUBS SYSTEMS, INC.
MANAGEMENT AGREEMENT
FOR THE STATE OF MINNESOTA

This Rider to the Management Agreement is made by and between COUSINS SUBS SYSTEMS, INC., a Wisconsin corporation ("MANAGER") and _____ ("FRANCHISEE") to amend and revise said Management Agreement as follows:

1. **BACKGROUND**. MANAGER and FRANCHISEE are parties to that certain Management Agreement dated _____, 20___ (the "Management Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Management Agreement. This Rider is being signed because (a) the Cousins Subs Shop that FRANCHISEE will operate under the Management Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Management Agreement occurred in Minnesota.

2. **TERMINATION**. The following language is added to the end of Section 12.b of the Management Agreement:

> Minnesota law provides franchisees with certain termination and non-renewal rights. Minn. Stat. § 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given ninety (90) days' notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days' notice for non-renewal of the Agreement.

3. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If and then only to the extent required by the Minnesota Franchises Law, Section 15 of the Management Agreement is deleted.

4. **LIMITATION OF CLAIMS AND CLASS ACTION BAR**. The following language is added to the end of Section 16 of the Management Agreement:

> ; provided, however, that Minnesota Law provides that no action may be commenced under Minn. Stat. Sec. 80C17 more than 3 years after the cause of action accrues.

5. **GOVERNING LAW/CONSENT TO JURISDICTION**. The following language is added to the end of Section 17 of the Management Agreement:

> Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400j prohibit MANAGER, except in certain specified cases, from requiring litigation to be conducted outside Minnesota. Nothing in this agreement shall abrogate or reduce any of FRANCHISEE'S rights under Minnesota Statutes

Chapter 80C or FRANCHISEE'S right to any procedure, forum or remedies that the laws of the jurisdiction provide.

To the extent this Rider shall be deemed to be inconsistent with any terms or conditions of said Management Agreement or Exhibits or Attachments thereto, the terms of this Rider shall govern.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Rider as of the effective date of the Management Agreement.

ATTEST:

COUSINS SUBS SYSTEMS, INC.

_____

By:_____
Title:_____

Witness

ATTEST:

_____

_____

Witness

FRANCHISEE

_____

_____

Witness

FRANCHISEE

EXHIBIT 2

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

EXHIBIT 2

STATE ADMINISTRATORS/AGENTS
FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws in those states in which Cousins is registered to sell franchises under the state's franchise law.

Illinois

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

Indiana

(agent for service of process)

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

(state administrator)

Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Michigan

(state administrator)

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48909
(517) 373-7177

(agent for service of process)

Michigan Department of Commerce,
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 296-4026

Wisconsin

(state administrator)

Securities and Franchise Registration
Wisconsin Department of Financial Institutions
4022 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-1064

(agent for service of process)

Office of the Secretary
Wisconsin Department of Financial Institutions
P.O. Box 8861
Madison, Wisconsin 53708-8861
(608) 261-9555

EXHIBIT A

FINANCIAL STATEMENTS

COUSINS SUBS SYSTEMS, INC.

FINANCIAL STATEMENTS

For the Years Ended December 25, 2022,
December 26, 2021 and December 27, 2020

COUSINS SUBS SYSTEMS, INC.
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Brookfield, WI 53045
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INDEPENDENT AUDITOR'S REPORT

To the Stockholders and Board of Directors
Cousins Subs Systems, Inc.

Opinion

We have audited the accompanying financial statements of Cousins Subs Systems, Inc. ("the Company"), which comprise the balance sheet as of December 25, 2022, and the related statements of operations and retained earnings and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cousins Subs Systems, Inc. as of December 25, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsiblities for the Audit of the Financial Statements section of our report. We are required to be independent of Cousins Subs Systems, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – New Accounting Pronouncement

As discussed in Note 1 to the financial statements, Cousins Subs Systems, Inc. adopted the provisions of Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases.* The adoption of this ASU resulted in a change to the accounting for Cousins Subs Systems, Inc.'s leases. Our conclusion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of Cousins Subs Systems, Inc. as of December 26, 2021 and December 27, 2020 were audited by other auditors whose opinions dated March 16, 2022 and March 18, 2021, respectively, expressed unmodified opinions on those statements. As more fully described in Note 12, the Company has restated its 2021 and 2020 financial statements during the current year to reflect the proper accounting for loyalty program customer rewards, in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the 2021 and 2020 financial statements before the restatement.

As part of our audit of the 2022 financial statements, we also audited the adjustments described in Note 12 that were applied to restate the 2021 and 2020 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2021 and 2020 financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2021 and 2020 financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cousins Subs Systems, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cousins Subs Systems, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cousins Subs Systems, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Sikich LLP

Brookfield, Wisconsin
March 20, 2023

FINANCIAL STATEMENTS

COUSINS SUBS SYSTEMS, INC.

BALANCE SHEETS

As of December 25, 2022, December 26, 2021 (as restated) and December 27, 2020 (as restated)

	2022	2021	2020
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 1,977,915	$ 2,850,809	$ 2,402,325
Restricted cash	469,276	440,593	470,995
Continuing service fees receivable	24,603	38,156	22,199
Accounts receivable, other	367,707	563,624	340,860
Prepaid expenses	374,803	475,852	291,369
Due from related parties	195,257	60,000	20,300
Total current assets	3,409,561	4,429,034	3,548,048
PROPERTY AND EQUIPMENT			
Leasehold improvements	1,657,498	1,651,573	1,544,805
Fixtures and equipment	4,536,234	4,492,137	4,426,128
Construction in progress	14,876	14,234	17,534
Total property and equipment	6,208,608	6,157,944	5,988,467
Less: Accumulated depreciation	5,405,842	4,898,200	4,347,168
Net property and equipment	802,766	1,259,744	1,641,299
OTHER ASSETS			
Operating lease right of use assets	975,613	-	-
TOTAL ASSETS	$ 5,187,940	$ 5,688,778	$ 5,189,347

(These statements continue on the following page.)

COUSINS SUBS SYSTEMS, INC.

BALANCE SHEETS (Continued)

As of December 25, 2022, December 26, 2021 (as restated) and December 27, 2020 (as restated)

	2022	2021	2020
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Current maturities of long-term debt	$ 74,927	$ 255,859	$ 394,330
Current maturities of operating lease liabilities	188,558	-	-
Accounts payable	438,319	947,822	481,747
Accrued expenses	982,031	1,227,221	1,194,449
Deferred revenues	-	110,000	113,125
Due to related parties	150,000	580,965	350,000
Total current liabilities	1,833,835	3,121,867	2,533,651
LONG-TERM LIABILITIES			
Long-term debt	-	74,927	670,336
Operating lease liabilities	787,055	-	-
Other long-term liabilities	7,000	7,000	-
Total long-term liabilities	794,055	81,927	670,336
Total liabilities	2,627,890	3,203,794	3,203,987
STOCKHOLDERS' EQUITY			
Common stock, $.01 par value per share, 100,000 shares authorized, 100,000 shares issued and outstanding	1,000	1,000	1,000
Additional paid-in capital	104,000	104,000	104,000
Retained earnings	2,455,050	2,379,984	1,880,360
Total stockholders' equity	2,560,050	2,484,984	1,985,360
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,187,940	$ 5,688,778	$ 5,189,347

See accompanying notes to consolidated financial statements.

COUSINS SUBS SYSTEMS, INC.

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

For the Years Ended December 25, 2022, December 26, 2021 (as restated)
and December 27, 2020 (as restated)

	2022	2021	2020
REVENUE			
Continuing service fees	$ 2,163,917	$ 2,595,306	$ 2,506,485
Franchise fees	535,000	71,875	42,306
Technology fund revenues	517,661	519,223	448,725
Advertising fund revenues	2,834,647	2,685,549	2,388,182
Total revenues	6,051,225	5,871,953	5,385,698
OPERATING EXPENSES			
Salaries and wages	3,588,083	3,686,283	3,251,555
Technology fund fees	842,552	855,293	815,127
Advertising	1,450,716	1,265,503	1,004,267
Travel and entertainment	243,369	137,413	136,836
Legal and accounting	168,795	158,924	150,644
Education and training	12,291	18,869	19,267
Association fees and dues	29,728	13,755	28,086
Facilities	214,312	208,597	207,341
Depreciation	507,643	553,767	566,293
Insurance	413,509	351,197	305,446
Professional fees	614,790	522,222	492,463
Other operating expenses	238,767	216,291	156,701
Total operating expenses	8,324,555	7,988,114	7,134,026
Management fee income	2,432,139	1,707,326	1,322,950
Operating income (loss)	158,809	(408,835)	(425,378)
OTHER INCOME (EXPENSE)			
Interest expense	(10,904)	(24,425)	(38,640)
Interest income	667	2,687	1,783
Other income (expense)	(29,368)	930,447	(30,550)
Total other (expense) income	(39,605)	908,709	(67,407)
Income (loss) before taxes	119,204	499,874	(492,785)
INCOME TAX EXPENSE	35,519	250	32
NET INCOME (LOSS)	$ 83,685	$ 499,624	$ (492,817)
RETAINED EARNINGS			
Balance, beginning of year	$ 2,379,984	$ 1,880,360	$ 2,373,177
Net income (loss)	83,685	499,624	(492,817)
Distributions	(8,619)	-	-
BALANCE, END OF YEAR	$ 2,455,050	$ 2,379,984	$ 1,880,360

See accompanying notes to consolidated financial statements.

COUSINS SUBS SYSTEMS, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 25, 2022, December 26, 2021 (as restated)
and December 27, 2020 (as restated)

	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 83,685	$ 499,624	$ (492,817)
Adjustments to reconcile net income to net cash and cash equivalents from operating activities:			
Depreciation	507,643	553,767	566,293
Forgiveness of Paycheck Protection Program loan	-	(462,000)	-
Recognition of gift card breakage	(58,876)	(51,192)	(51,607)
(Increase) decrease in:			
Continuing service fees receivable	13,553	(15,957)	21,142
Accounts receivable, other	195,917	(222,764)	247,531
Inventories	-	-	7,823
Prepaid expenses	101,049	(184,483)	(59,854)
Due from related parties	(135,257)	(39,700)	-
Increase (decrease) in:			
Accounts payable	(509,503)	466,075	130,711
Accrued expenses	(186,314)	83,964	24,675
Deferred revenue	(110,000)	(3,125)	(15,625)
Due to related parties	(430,965)	230,965	350,000
Other long-term liabilities	-	7,000	-
Net cash and cash equivalents (used) provided by operating activities	(529,068)	862,174	728,272
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(50,665)	(172,212)	(226,286)
Net cash and cash equivalents (used) by investing activities	(50,665)	(172,212)	(226,286)

(These statements continue on the following page.)

COUSINS SUBS SYSTEMS, INC.

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended December 25, 2022, December 26, 2021 (as restated)
and December 27, 2020 (as restated)

	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments on long-term debt	$ (255,859)	$ (271,880)	$ (321,147)
Proceeds from Paycheck Protection Program loan	-	-	462,000
Distributions to stockholders	(8,619)	-	-
Net cash and cash equivalents (used) by financing activities	(264,478)	(271,880)	140,853
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(844,211)	418,082	642,839
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	3,291,402	2,873,320	2,230,481
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	$ 2,447,191	$ 3,291,402	$ 2,873,320
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH			
Cash and cash equivalents	$ 1,977,915	$ 2,850,809	$ 2,402,325
Restricted cash	469,276	440,593	470,995
Total cash and cash equivalents and restricted cash shown in statement of cash flows	$ 2,447,191	$ 3,291,402	$ 2,873,320
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	$ 10,904	$ 24,425	$ 43,089
Cash paid for income taxes	$ 35,519	$ 250	$ 32
Right of use assets obtained in exchange for lease liabilities	$ 1,157,695	$ -	$ -

See accompanying notes to consolidated financial statements.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Cousins Subs Systems, Inc. (the "Company") sells franchise rights for the operation of Cousins Submarines restaurants. There were 48 franchises (53 and 65 at December 26, 2021 and December 27, 2020, respectively) and 3 licensed units licensed to use the trade name Cousins Submarines at December 25, 2022 to operate in accordance with a uniform system established by the Company. During the year, no franchises were opened (1 for each of the years ended December 26, 2021 and December 27, 2020, respectively), 2 were closed (3 for each of the years ended December 26, 2021 and December 27, 2020, respectively) and 3 were reacquired by Cousins Submarines, Inc. (Cousins) (10 and 4 for the years ended December 26, 2021 and December 27, 2020, respectively). The operational franchises are located in Wisconsin, Illinois and Indiana. The Company has been deemed to be a variable interest entity with Cousins, an entity related by common ownership, being the primary beneficiary.

Cousins owns and operates Cousins Submarines restaurants, all of which are located in Wisconsin. Cousins had 44 restaurants in operation as of December 25, 2022 (40 and 31 as of December 26, 2021 and December 27, 2020, respectively). During 2022, no corporate stores were transferred to a franchisee, 3 stores were acquired from franchisees, 1 corporate store was closed and two corporate stores were opened (no new location was opened in 2021 and 1 new location was opened in 2020). The corporate owned stores are in addition to the number of franchise stores aforementioned. Subsequent to year-end, Cousins acquired three of the franchise owned stores in Madison, Wisconsin.

Shop Type	Year	Shops at the Start of the Year	Shops at the End of the Year	Net Change
Franchised	2020	71	65	-6
	2021	65	53	-12
	2022	53	48	-5
Cousins Owned	2020	27	31	4
	2021	31	40	9
	2022	40	44	4
Total Shops	2020	98	96	-2
	2021	96	93	-3
	2022	93	92	-1

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Business (Continued)

The Company is the agent for and administrator of a Technology Fund (Tech Fund) that serves as a technology association for all Cousins Submarines restaurants. The Tech Fund pays for the cost of new point of sale (POS) equipment and installation for all franchisee and corporate owned locations. The Tech Fund is not a separate legal entity. Financing is provided under joint and several borrowings through the Company. As a result of its outstanding debt obligation, the activity of the Tech Fund is reflected in the financial statements of the Company.

The Company is the administrator of its Advertising and Development Fund (Ad Fund) which serves as an advertising association for all Cousins Submarines restaurants. The Ad Fund is not a separate legal entity.

Method of Accounting

Assets, liabilities, revenues, and expenses are recognized on the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America ("USGAAP").

Fiscal Year

The Company reports its results of operations on a 52/53 week year. The Company's fiscal year annually ends on the last Sunday in December. Operations included 52 weeks in 2022, 2021 and 2020, with each period being referred to as a "year".

Use of Estimates

The preparation of the financial statements in conformity with USGAAP 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 these estimates.

Subsequent Events

Subsequent events are events or transactions that occur after year end but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, non-recognized subsequent events).

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events (Continued)

Management has evaluated subsequent events through March 20, 2023, the date on which the financial statements were available to be issued and determined that there were no events that required adjustment or disclosure.

Cash and Cash Equivalents

The Company considers all short-term investments in interest-bearing accounts with an original maturity of three months or less, to be equivalent to cash.

The Company maintains its cash balances primarily in area banks. The Federal Deposit Insurance Corporation (FDIC) insures cash balances for interest bearing accounts up to $250,000 per bank. At times, the Company has cash balances in excess of federally insured limits. The Company has not, nor do they expect to experience any losses on these deposits.

Restricted Cash

Restricted cash represents cash balances maintained in the Ad Fund and Tech Fund which are restricted for advertising and technology expenses, respectively, for all Cousins Submarines restaurants.

Continuing Service Fees Receivable

Continuing service fees are outstanding revenue-based fees due from franchisees. The Company used the allowance method to account for uncollectible continuing service fees. The Company estimates an allowance based on collection history and a review of the current status of continuing service fees receivable. No allowance for uncollectible continuing service fees was deemed necessary at December 25, 2022, December 26, 2021 and December 27, 2020. However, write-offs may occur. Past due amounts bear interest at 1.50% per annum.

Accounts Receivable, Other

Accounts receivable are amounts due from certain commercial customers, supplier rebates earned on products purchased, and other miscellaneous receivables. Management reviews accounts receivable on a periodic basis to determine if any receivables will potentially be uncollectible. A receivable is considered past due if the Company has not received payment for 30 days. The Company includes any accounts receivable balances that are determined to be uncollectible in its overall allowance for doubtful accounts. Based on the information available, no allowance for doubtful accounts was deemed necessary as of December 25, 2022, December 26, 2021 and December 27, 2020. However, write-offs may occur.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Leasehold improvements are amortized over the useful life or lease term, whichever is shorter. Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Fixtures and equipment	3-10
Leasehold improvements	5-15

Depreciation expense during 2022, 2021 and 2020 totaled $507,643, $553,767 and $566,293 respectively.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever changes in circumstances indicate the carry amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the amount by which the carrying amount exceeds the fair value of the assets is recognized as an impairment loss. Assets to be disposed of are reported at the lower of their carrying amount or fair value less costs to sell. Management believes that no impairment occurred during the years ended December 25, 2022, December 26, 2021 and December 27, 2020.

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases (Topic 842)*, to increase the transparency and comparability about leases among entities. The new guidance requires that a lessee recognize assets and liabilities for virtually all lease contracts. Lessee recognition, presentation and measurement in the financial statements depends on classification as a finance or operating lease. The new guidance also requires certain disclosures about leasing arrangements.

The Company adopted the requirements of Topic 842 as of January 1, 2022, utilizing the modified retrospective method of transition. The Company elected the package of practical expedients permitted under the transition guidance within the new standard which does not require reassessment of prior conclusions related to contracts containing a lease, lease classification and initial direct lease costs.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Company determines whether an arrangement is a lease at the inception of the arrangement based on the terms and conditions in the contract. A contract contains a lease if there is an identified asset, and the Company has the right to control the asset. Right of use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term.

The Company uses the rate implicit in the lease when it is readily determinable to determine the present value of the lease payments at the commencement date. The Company has elected to use a risk-free borrowing rate when the implicit rate is not readily determinable. Leases terms include options to extend the lease when it is reasonably certain those options will be exercised. Leases with an initial term of 12 months or less are not recorded on the balance sheet, and lease expense is recognized on a straight-line basis over the lease term. The Company has lease agreements that contain lease and non-lease components, which are accounted for as a single lease component for all asset classes.

For 2021, the Company followed the provisions of *Topic 840, Leases*, which provided that operating lease payments were expensed on a straight-line basis over the lease term, and no assets or liabilities were recorded for operating leases.

Revenue Recognition

The Company’s revenue recognition policies are established in accordance with the revenue recognition topics of ASC 606 and accordingly, revenue is recognized when control of the promised goods or services is transferred to the customer (the performance obligation), in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services (the transaction price). Control is obtained when a customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. The Company applies the following five-step model in order to determine this amount: (i) identification of the promised goods in the contract; (ii) determination of whether the promised goods are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The Company adopted the practical expedient on December 28, 2020 that allows the franchisor to recognize revenue from pre-opening services, that are distinct from the franchise license itself and the services consistent with those included in a pre-defined list in the contract, when those services are substantially performed or satisfied. The guidance was applied retrospectively to December 30, 2018, the date that ASC 606 was initially adopted.

Continuing Service Fees

The Company receives continuing service fees from franchisees on a weekly basis, which are generally six percent of franchisees' sales. These fees are recognized as revenue at the point in time at which sales are made by the franchisee.

Franchise Fees and Franchise Transfer Fees

The Company sells individual franchise agreements. The nonrefundable franchise fee for a new franchisee or an existing franchisee is $25,000 per restaurant for the first location and $17,500 for each additional thereafter, payable upon execution of the agreement.

The Company allows its franchisees to sell their existing franchise to a new franchisee for a transfer fee equal to the greater of (a) 20 percent of the Company's then current standard initial franchise fee or (b) $5,000.

In select markets, the Company is granting the right to develop three to ten shops to persons or entities meeting its qualifications (or their affiliates approved by the Company), each under the terms of a multi-unit development agreement. The multi-unit development agreement designates geographic areas that are reserved for the franchisee’s development and opening of locations. The development fee is equal to $8,750 multiplied by the number of locations (other than the first location) the developer agrees to develop.

In accordance with ASU 2021-02, initial franchise fees are recognized when the services and conditions relating to the sale of the franchise are substantially performed or satisfied by the Company. The services and conditions required to be performed or satisfied by the Company principally include site selection approval, equipment specification assistance and training assistance. Franchise fees received prior to substantial performance by the Company are deferred. Franchise fees are recognized over time until the estimated date for the location to open for business based on the time elapsed method, since the services are deemed to be provided evenly over the service period.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Technology Fund Revenues

The Company receives technology fees from franchisees and corporate stores based on the technology package within each store. On average, a store pays a fee of approximately $120 per week. These fees are fixed in the contracts and are recognized as revenue over time on a weekly basis based on the time elapsed method, since the services are deemed to be provided evenly over the service period.

Advertising Fund Revenues

The Company receives advertising fund contributions from franchisees and corporate stores based on two percent of gross sales. These contributions are received on a weekly basis. The Company also recognizes revenue from supplier rebates, which are received based on product purchases made by franchisees. Advertising Fund fees are recognized at the point in time at which franchisee sales occur.

Gift Card Sales

The Company administers a gift card program for all Cousins Submarine restaurants through the Ad Fund. Unredeemed gift cards represent contract liabilities totaling $667,162, $659,682 and $607,321 as of December 25, 2022, December 26, 2021 and December 27, 2020, respectively, and are recorded within accrued expenses on the accompanying balance sheets. The Company recognizes revenue from unredeemed gift cards when it determines the likelihood of the gift card being redeemed by the customer is remote (gift card breakage). The determination of the gift card breakage is based upon Company specific historical redemption patterns and is recognized in advertising fund revenues in the statements of operations and retained earnings. The Company recorded $58,876, $51,192 and $51,607 of gift card breakage income for the years ended December 25, 2022, December 26, 2021 and December 27, 2020, respectively.

Loyalty Program

The Company has a guest loyalty program that allows members to earn points for each dollar spent. The rewards are redeemable at any Cousins Submarines restaurant for food products and brand merchandise. Points expire one year after a customer's last activity. Franchisees are responsible for bearing the cost of loyalty program points redeemed at franchise owned stores. As such, there is no liability to the Company for loyalty program points expected to be redeemed at franchise owned stores.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Deferred Revenues

Deferred revenues consists of contract liabilities for prepaid franchise fees received from franchisees and gift card sales. The prepaid franchise fees totaled $0, $110,000 and $113,125 at December 25, 2022, December 26, 2021 and December 27, 2020, respectively.

Management Fee Income

Management fee income represents revenue received from Cousins under a management agreement whereby the Company charges Cousins for its share of payroll expenses, facility expenses, professional fees, insurance and other expenses. These fees are recognized as revenue over time on a weekly basis based on the time elapsed method, since the services are deemed to be provided evenly over the service period.

Performance Obligations

The Company's contracts with franchisees contain multiple performance obligations, as detailed above. The Company allocates the transaction price to the various performance obligations based on the relative standalone selling prices of the separate obligations, which are generally specified in the contracts.

Disaggregation of Revenue

The following reflects the disaggregation of revenue by the timing of revenue recognition for the years ended December 31, 2022 and 2021:

	2022	Restated 2021	Restated 2020
Timing of revenue recognition:			
Revenue recognized at a point in time	$ 4,998,564	$ 5,280,855	$ 4,894,667
Revenue recognized over time	1,052,661	591,098	491,031
Management fees recognized over time	2,432,139	1,707,326	1,322,950
TOTAL REVENUES EARNED	$ 8,483,364	$ 7,579,279	$ 6,708,648

Various economic factors could affect revenues and cash flows, including overall demand for products, development of technologies and the ability to attract and retain talent.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Beginning Contract Balances

Beginning contract balances as of the beginning of each fiscal year were as follows:

	2022	Restated 2021	Restated 2020
Continuing service fees receivable	$ 38,156	$ 22,199	$ 43,341
Accounts receivable, other	380,097	340,860	588,391
Gift card contract liabilities within accrued expenses	659,682	607,321	603,639
Deferred revenue	110,000	113,125	128,750

Income Taxes

The Company and its stockholders have elected to be treated as an S Corporation for income tax purposes. Under this election, profits and losses are passed directly to the stockholders for inclusion in their personal income tax returns. As such, the Company does not pay corporate income taxes on its taxable income, although it is subject to certain local taxes and other state fees. Accordingly, no liability or provision for federal or state income taxes is included in the accompanying financial statements. The Company files federal and various state income tax returns.

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expenses for 2022, 2021 and 2020 were $1,450,716, $1,265,503 and $1,004,267, respectively.

2. ACCRUED EXPENSES

Accrued expenses at December 25, 2022, December 26, 2021 and December 27, 2020 consist of the following:

	2022	Restated 2021	Restated 2020
Accrued compensation	$ 114,810	$ 328,176	$ 306,174
Deferred technology fund fees	46,382	162,027	229,368
Gift card liability	681,562	659,682	607,321
Other accrued expenses	139,277	77,336	51,586
TOTAL ACCRUED EXPENSES	$ 982,031	$ 1,227,221	$ 1,194,449

3. PAYCHECK PROTECTION PROGRAM

The Company obtained a Paycheck Protection Program (PPP) note with a bank under the Coronavirus Aid, Relief and Economic Securities Act (CARES Act) on April 21, 2020 for $462,000, with interest at 1%. The note was guaranteed by the U.S. Small Business Administration and was eligible for forgiveness under the terms of the CARES Act. The note and accrued interest were forgiven during 2021, with the debt forgiveness included in other income on the 2021 statement of operations.

4. EMPLOYEE RETENTION CREDIT

The CARES Act also created the Employee Retention Credit (ERC). The ERC is a refundable tax credit against certain employment taxes if certain qualifying criteria are met. The Company applied for credits in the amount of $404,338 during 2021. The Company elected to account for the ERC as a government grant with income recognized when the Company has reasonable assurance that it has complied with requirements of the grant and that the amounts will be received. Accordingly, the income was recognized in other income on the 2021 statement of operations. The Company received $220,811 during 2021, with the remaining $183,527 included in accounts receivable, other as of December 26, 2021. This remaining amount was received in 2022.

5. LONG-TERM DEBT

	2022	2021	2020
Bank term note due in monthly payments of $6,217 plus interest at a variable rate of LIBOR plus 1.95 percent, due in February 2021. Note was paid in full during 2021.	$ -	$ -	$ 12,433
Bank term note due in monthly payments of $5,699 including interest at LIBOR plus 3.15%, due in October 2022. Note was paid in full during 2022.	-	50,337	114,853
Bank term note due in monthly payments of $10,615 including interest at 5.23%, due in March 2023.	31,572	153,815	269,842
Bank term note due in monthly payments of $7,340 including interest at 5.41%, due in June 2023.	43,355	126,634	205,538
PPP Loan (see Note 4)	-	-	462,000
Total long-term debt	74,927	330,786	1,064,666
Less: Current maturities	74,927	255,859	394,330
AMOUNT DUE AFTER ONE YEAR	$ -	$ 74,927	$ 670,336

The term notes above are secured by substantially all assets of the Company and of Cousins, and the related credit agreement contains certain covenant requirements. The Company was not in compliance with certain of these covenants as of December 25, 2022, however the bank waived the covenant violations.

6. LEASES

Pursuant to a management fee arrangement with Cousins (see Note 8), the Company has an implied operating lease agreement with Cousins, which leases the entities' office space from a related party under an operating lease through October 2027. A portion of the office space is subleased to an unrelated party, recorded as sublease income and netted within lease cost. The Company's lease agreements do not contain any material restrictive covenants. All lease costs are with a related party.

6. LEASES (Continued)

The components of lease cost for the year ended December 25, 2022 were as follows:

Operating lease cost	$	219,060
Sublease income		(85,584)
TOTAL LEASE COST	$	133,476

Rent expense, net of sublease income, for the years ended December 26, 2021 and December 27, 2020 was $133,476 and $133,475, respectively.

The following table summarizes the lease-related assets and liabilities recorded in the balance sheets as of December 25, 2022:

Operating leases:		
Right of use assets	$	975,613
Current operating lease liabilities		(188,558)
Noncurrent operating lease liabilities		(787,055)
TOTAL OPERATING LEASE LIABILITIES	$	(975,613)

The Company utilizes a risk-free borrowing rate in determining the present value of lease payments unless the implicit rate is readily determinable.

Weighted-average remaining lease term (years)	
Operating leases	4.8
Weighted-average discount rate	
Operating leases	3.50%

Cash paid for amounts included in the measurement of lease liabilities during 2022:

Operating cash flows from operating leases	$	(133,476)

6. LEASES (Continued)

The following table provides the maturities of operating lease liabilities as of December 31, 2022:

2023	$	219,060
2024		219,060
2025		219,060
2026		219,060
2027		182,550
Total future undiscounted lease payments		1,058,790
Less: Interest		(83,177)
PRESENT VALUE OF LEASE LIABILITIES	$	975,613

7. RELATED PARTY TRANSACTIONS

The Company charges Cousins for payroll expenses, facility expenses, professional fees, insurance and other expenses through a management fee. The Company received $2,432,139, $1,707,326 and $1,322,950 in management fees for the years ended December 25, 2022, December 26, 2021 and December 27, 2020, respectively.

The Company participates in Cousins' profit-sharing and 401(k) plan. The Plan covers all full-time employees of Cousins and the Company. Contributions to the plan are at the discretion of the Company's Board of Directors. For the years ended December 25, 2022, December 26, 2021 and December 27, 2020 the Company made profit-sharing and 401(k) contributions of $108,883, $99,972 and $88,852, respectively.

There was $2,601, $(230,965) and $20,300 due from (to) Cousins for management services and other operating needs at December 25, 2022, December 26, 2021 and December 27, 2020, respectively.

The Company has $171,448 due to the Ad Fund from various cooperative funds (Co-Op) for sponsorship and advertising expenses. These amounts are unsecured.

The Tech Fund received revenues from Cousins to pay for the cost of point of sale systems and ongoing maintenance of those systems. The Tech Fund received a total of $237,428, $215,881 and $155,664 during 2022, 2021 and 2020, respectively. These amounts are included in technology fund revenues in the accompanying financial statements. At December 25, 2022, December 26, 2021 and December 27, 2020, the Tech Fund has $0, $0 and $20,806, respectively, recorded in accrued expenses for amounts paid by Cousins to be used for future ongoing maintenance.

The Company has unsecured advances due to related parties in the accompanying financial statements. Total advances at December 25, 2022, December 26, 2021 and December 27, 2020 were $150,000, $350,000 and $350,000, respectively.

8. ADVERTISING AND DEVELOPMENT FUND

Contributions to the Ad Fund are based upon two percent of adjusted gross sales of each Cousins Submarines restaurant. The Company is the agent for an administer of, the Ad Fund, which serves as an advertising association for all Cousins Submarines restaurants. The Ad Fund develops, initiates, and executes marketing programs, including, broadcast media advertising, for the mutual benefit of its contributors. The Ad Fund is not a separate legal entity.

The Company is a principal in the transactions of collecting advertising funds and providing communal advertising for all Cousins Submarines restaurants. As a result, the balance sheet and income statement activity for the Ad Fund is presented gross within the individual lines of the accompanying financial statements

9. TECHNOLOGY FUND

The Company established the Tech Fund to pay for the cost of point of sale systems and ongoing maintenance of those systems. Contributions to the Tech Fund are based upon the cost of equipment installed in each Cousins Submarines restaurant. The Tech Fund's property and equipment is financed through long-term debt borrowed by the Company and Cousins as joint borrowers. The majority of the contributions received are paid to third party service providers for required licenses. Eight percent of the contributions represent a hardware maintenance fee which is deferred to cover expenses of future ongoing maintenance services. Deferred technology fund fees totaled $46,382, $162,027 and $229,368 as of December 25, 2022, December 26, 2021 and December 27, 2020, respectively. Deferred technology fund fees are included in accrued expenses in the accompanying balance sheets.

10. COMMITMENTS

Debt Commitments

The Company joint and severally borrowed certain long-term debt with Cousins. The principal balances of Cousins debt outstanding totaled $6,435,934, $5,391,809 and $3,177,433 at December 25, 2022, December 26, 2021 and December 27, 2020, respectively. The notes mature at varying times between 2025 and 2026. The Company has not agreed to pay an amount based on this arrangement, nor does it expect to pay on Cousins behalf.

In addition to the debt mentioned above, the Company also guarantees debt with Cousins related to real estate entities owned by common ownership. The principal balance of debt outstanding guaranteed by the Company and Cousins totaled $1,717,466, $1,923,838 and $1,409,657 at December 25, 2022, December 26, 2021, and December 27, 2020, respectively.

10. COMMITMENTS (Continued)

Debt Commitments (Continued)

In the event the Company is required to make payments under these agreements, the Company could seek to recover these amounts from Cousins or its stockholders and the real estate entities or its members. The Company does not expect to have to pay on these notes as of December 25, 2022. No balances outstanding by Cousins or the real estate entities are past due.

11. CONTINGENCIES

The Company is periodically involved in litigation which arises during the normal course of business. Although litigation is subject to many uncertainties and the ultimate exposure cannot be ascertained, management does not believe the final outcome will have a material effect on the financial position of the Company.

12. RESTATEMENTS OF 2021 AND 2020 FINANCIAL STATEMENTS

As of December 26, 2021 and December 27, 2020, the Company had recorded a liability for loyalty program customer rewards that were outstanding and expected to be redeemed at franchise owned stores. The Company also recorded a corresponding receivable for the same amount as the liability each year since the ultimate cost of the reward redemption is the responsibility of the franchisees. Correspondingly, the Company reduced revenues and expenses each year by the same amount.

During 2022, management determined that this accounting treatment was not appropriate in accordance with USGAAP. Since the franchisees are bearing the ultimate cost of the redemption of loyalty program rewards, there is no liability to the Company under USGAAP. As a result, no corresponding asset exists, and no reduction of revenue or expenses is required. The Company has restated its 2021 and 2020 financial statements accordingly. The restatement has not resulted in a change to net income or stockholders' equity as previously reported in either year. A summary of the effects of the restatements is as follows:

	2021, as restated	2021, as previously reported	2020, as restated	2020, as previously reported
Accounts receivable, other	$ 563,624	$ 1,101,781	$ 340,860	$ 639,220
Deferred revenues	110,000	648,157	113,125	411,485
Advertising fund revenues	2,685,549	2,147,392	2,388,182	2,089,822
Advertising	1,265,503	727,346	1,004,267	705,907

EXHIBIT B

FRANCHISE AGREEMENT

COUSINS SUBS SYSTEMS, INC.

FRANCHISE AGREEMENT

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Exhibit A Technology Fund Program Fee Summary

COUSINS SUBS SYSTEMS, INC.

FRANCHISE AGREEMENT

This Franchise Agreement, made this ____ day of _____, 20__ (this "Agreement"), by and between COUSINS SUBS SYSTEMS, INC., a Wisconsin corporation and having its principal place of business at N83 W13400 Leon Road, Menomonee Falls, Wisconsin, 53051 ("FRANCHISOR"), and _____

_____

_____

("FRANCHISEE").

1. **PREAMBLES**.

FRANCHISOR and its affiliates have developed a method of preparing submarine/hero and deli sandwiches, certain designated bread and meat products and various other food products, and restaurants which specialize in the sale of such food items, and various other food products, featuring inside seating, carry-out and drive-up, services and operate with a uniform business format, specially designed equipment, methods, procedures, and designs hereinafter (the "System") known as "COUSINS SUBS" Shops. COUSINS SUBS Shops are operated by persons meeting FRANCHISOR's qualifications to whom FRANCHISOR has granted franchises ("Franchisees") and by FRANCHISOR's affiliate. FRANCHISOR or its affiliates owns, uses, promotes, and licenses certain trade and service marks and commercial symbols in connection with the operation of "COUSINS SUBS" Shops, including the marks "COUSINS SUBS," "COUSINS" and "COUSINS SUBMARINES" and such other marks as may be designated by FRANCHISOR from time to time (the "Marks").

FRANCHISEE has applied for the right and obligation to operate a COUSINS SUBS Shop utilizing the Marks at the location hereinafter described. Such application has been approved by FRANCHISOR in reliance upon all of the representations made therein including, without limitation, the ownership of FRANCHISEE.

FRANCHISOR is licensed to use and has the right to sublicense others to use the Marks and System identified herein and FRANCHISEE desires to operate a COUSINS SUBS Shop under the System and wishes to obtain a franchise from FRANCHISOR for that purpose.

FRANCHISEE has read this Agreement, and FRANCHISOR's Franchise Disclosure Document, and has been given an opportunity to clarify any provisions that it did not understand. FRANCHISEE hereby acknowledges that it understands and accepts the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain FRANCHISOR's high standards of quality and service and the uniformity of those standards at all COUSINS SUBS Shops, and thereby to protect and preserve the goodwill of the Marks.

2. **APPOINTMENT AND INITIAL FRANCHISE FEE**.

A. FRANCHISOR hereby grants to FRANCHISEE, upon the terms and conditions herein contained, a franchise to operate a COUSINS SUBS Shop (the "SHOP") and to use in connection therewith the System, as it may be changed, improved and further developed from time to time, and the Marks at the following location or within the following designated area:

_____

_____

_____

FRANCHISEE shall not relocate the SHOP without the prior written approval of FRANCHISOR.

B. Provided FRANCHISEE is in compliance with this Agreement, FRANCHISOR agrees that it will not operate or grant a franchise for the operation of another COUSINS SUBS Shop within a radius of one (1) mile of the premises of the SHOP ("FRANCHISEE's Market Area") except for Non-Traditional Venues or if, in the judgment of FRANCHISOR, the SHOP is located within a central business district in which case the one (1) mile radius protection shall not apply and FRANCHISEE's Market Area shall be deemed the premises of the SHOP. FRANCHISOR (on behalf of itself and its affiliates) retains the right, without granting any rights to FRANCHISEE: (1) to solicit prospective Franchisees and to grant other persons franchises to operate COUSINS SUBS Shops at such locations outside of FRANCHISEE's Market Area or at any Non-Traditional Venue, and on such terms and conditions as FRANCHISOR deems appropriate and to itself own and operate such COUSINS SUBS Shops; (2) to solicit prospective Franchisees within FRANCHISEE's Market Area; and (3) to sell the products and services authorized for COUSINS SUBS Shops under the Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels of distribution within and outside of FRANCHISEE's Market Area and pursuant to such terms and conditions as FRANCHISOR deems appropriate provided FRANCHISOR shall not operate COUSINS SUBS Shops within FRANCHISEE's Market Area except as otherwise provided herein. FRANCHISEE further acknowledges and agrees that other COUSINS SUBS Shops, food aggregators, or third-party delivery service providers may deliver to customers located in FRANCHISEE's Market Area. A "Non-Traditional Venue" is (1) a major shopping mall, (2) any location in which foodservice is or may be provided by a master concessionaire, and (3) any location which is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility (for example, colleges/universities, convention centers, airports, hotels, sports facilities, theme parks, hospitals, transportation facilities and other similar captive market locations).

C. In consideration of the franchise granted herein, FRANCHISEE shall pay to FRANCHISOR as an initial franchise fee the sum of Twenty-Five Thousand Dollars ($25,000.00). The initial franchise fee shall be deemed fully earned by FRANCHISOR and is nonrefundable upon execution of this Agreement as consideration for expenses incurred by FRANCHISOR in furnishing assistance and services to FRANCHISEE and for FRANCHISOR's lost or deferred opportunity to franchise others.

3. **TERM AND RENEWAL**.

A. This Agreement shall be effective and binding from the date of its execution for an initial term equal to ten (10) years, unless sooner terminated pursuant to Section 19 hereof.

B. FRANCHISEE shall have the right to renew this franchise at the expiration of the initial term of the franchise for one (1) additional successive term of ten (10) years, provided that all of the following conditions have been fulfilled:

1. FRANCHISEE has, during the entire term of this Agreement, substantially complied with all its provisions;

2. FRANCHISEE maintains possession of the premises of the SHOP and by the expiration date of this Agreement has brought the SHOP into full compliance with the specifications and standards then applicable for new or renewing COUSINS SUBS Shops and presents evidence satisfactory to FRANCHISOR that it has the right to remain in possession of the premises of the SHOP for the duration of any renewal term; or, in the event FRANCHISEE is unable to maintain possession of the premises, or in the judgment of FRANCHISOR the SHOP should be relocated, FRANCHISEE secures substitute premises approved by FRANCHISOR and has furnished, stocked and equipped such premises to bring the SHOP at its substitute premises into full compliance with the then-current specifications and standards by the expiration date of this Agreement;

3. FRANCHISEE has given notice of renewal to FRANCHISOR as provided below;

4. FRANCHISEE has satisfied all monetary obligations owed by FRANCHISEE to FRANCHISOR and its subsidiaries and affiliates and has timely met these obligations throughout the term of this Agreement;

5. FRANCHISEE agrees to execute upon renewal FRANCHISOR's then-current form of Franchise Agreement (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which agreement shall supersede in all respects this Agreement, and the terms of which may materially differ from the terms of this Agreement, including, without limitation, a different percentage continuing service fee and advertising contribution; provided, however, FRANCHISEE shall be required to pay a renewal fee of fifty percent (50%) of the then-current standard initial franchise fee (excluding any promotions or discounts);

6. FRANCHISEE has complied with FRANCHISOR's then-current qualification and training requirements; and

7. FRANCHISEE and its owners have executed a general release, in a form prescribed by FRANCHISOR, of any and all claims against FRANCHISOR and its subsidiaries and affiliates, and their respective officers, directors, agents, owners and employees.

C. If FRANCHISEE desires to renew this franchise at the expiration of this Agreement, FRANCHISEE shall give FRANCHISOR written notice of its desire to renew at least six (6) months, but not more than twelve (12) months, prior to the expiration of the initial term of this Agreement. Within ninety (90) days after its receipt of such timely notice, FRANCHISOR shall either furnish the notice described in Paragraph D below or furnish FRANCHISEE with written notice of: (1) reasons which could cause FRANCHISOR not to renew, including, if applicable, any deficiencies which require correction and a schedule for correction thereof by FRANCHISEE; and (2) FRANCHISOR's then-current requirements relating to the image, appearance, decoration, furnishing, equipping and stocking of COUSINS SUBS Shops, and a schedule for effecting such upgrading or modifications in order to bring the SHOP in compliance therewith. Renewal of the franchise shall be conditioned upon FRANCHISEE's curing any deficiencies in the operation of the SHOP, its compliance with all such requirements imposed by FRANCHISOR, and its continued compliance with all the terms and conditions of this Agreement up to the date of renewal.

D. FRANCHISOR shall give FRANCHISEE written notice of an election not to renew the franchise within ninety (90) days of its receipt of FRANCHISEE's written notice of its desire to renew this Agreement. Such notice shall specify the reasons for nonrenewal.

4. **SHOP AND LOCATION**.

A. FRANCHISEE will be responsible for purchasing or leasing a suitable site for the SHOP. Prior to the acquisition by lease or purchase of any site for the premises of the SHOP, FRANCHISEE shall submit a description of the proposed site to FRANCHISOR accompanied by photographs depicting the proposed site. FRANCHISOR shall provide FRANCHISEE written notice of its approval or disapproval of a proposed site within fifteen (15) business days after receiving FRANCHISEE's written submission thereof and completing a physical inspection of the proposed site. FRANCHISEE may operate the SHOP only at the location specified in Section 2.A hereof or approved by FRANCHISOR as herein provided.

After receiving FRANCHISOR's written approval of the location of the SHOP as herein provided, FRANCHISEE shall execute a lease (if the premises are to be leased) or a binding agreement to purchase the site, the terms of which have been previously approved by FRANCHISOR. The lease for the SHOP location must contain certain provisions that FRANCHISOR requires, including, without limitation, collateral assignment of the lease pursuant to the form of lease addendum we require. It is FRANCHISEE’s sole responsibility to obtain a fully executed lease addendum in connection with executing FRANCHISEE’s lease. The lease addendum is intended to provide FRANCHISOR certain protections under FRANCHISEE’s lease, and may not benefit FRANCHISEE or the landlord. If FRANCHISEE or the landlord request that FRANCHISOR consider any modifications to the lease addendum, and FRANCHISOR elects to do so, FRANCHISOR may also require FRANCHISEE to reimburse FRANCHISOR all expenses FRANCHISOR incurs (including attorneys’ fees) in connection with such review. FRANCHISOR may also reject any request for modifications to the lease addendum for any reason.

For purposes of this Agreement, the term "lease" shall refer to a lease, sublease or other agreement approved by FRANCHISOR for occupancy of the premises of the SHOP.

B. If FRANCHISEE has not secured a location for the premises of the SHOP at the time of execution of this Agreement, FRANCHISOR agrees to use reasonable efforts to help analyze FRANCHISEE's Market Area, to help determine site feasibility, and to assist in the selection of the location, which must be approved by FRANCHISOR. While FRANCHISOR agrees to utilize its experience and expertise in a selection of a location, FRANCHISEE hereby acknowledges and agrees that FRANCHISOR's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the success or profitability of a COUSINS SUBS Shop operated at the site. FRANCHISOR's approval of the site indicates only that FRANCHISOR believes the site complies with acceptable minimum criteria established by FRANCHISOR solely for its purposes as of the time of the evaluation. Both FRANCHISEE and FRANCHISOR acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to FRANCHISOR's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from FRANCHISOR's criteria could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond FRANCHISOR's control. FRANCHISOR shall not be responsible for the failure of a site approved by FRANCHISOR to meet FRANCHISEE's expectations as to revenue or operational criteria. FRANCHISEE further acknowledges and agrees that its acceptance of a franchise for the operation of a COUSINS SUBS Shop at the site is based on its own independent investigation of the suitability of the site. It shall be the sole responsibility of FRANCHISEE to undertake site selection activities and secure premises for the SHOP.

C. In the event no acceptable site is found and approved by the parties within twelve (12) months from the date of this Agreement, then and in that event, either party may terminate this Agreement upon written notice to the other party. Notwithstanding any such termination, FRANCHISEE shall return all confidential materials concerning the operation of a COUSINS SUBS Shop and shall continue to be bound by its obligations under Sections 9, 10 and 23 hereof.

D. FRANCHISEE agrees that upon obtaining possession of the site for the SHOP it will: (i) cause to be prepared and submit for approval by FRANCHISOR a site survey and any modifications to FRANCHISOR's basic plans and specifications (not for construction) for a COUSINS SUBS Shop (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) at the site leased or purchased therefor, provided that FRANCHISEE may modify FRANCHISOR's basic plans and specifications only to the extent required to comply with all applicable ordinances, building codes and permit requirements and with prior notification to and approval by FRANCHISOR; (ii) obtain all required zoning changes; all required building, utility, health, sanitation, and sign permits and licenses and any other required permits and licenses; (iii) purchase or lease equipment, fixtures, furniture and signs as provided herein; (iv) complete the construction and/or remodeling, equipment, fixture, furniture and sign installation and decorating of the SHOP in full and strict compliance with plans and specifications therefor approved by FRANCHISOR and all applicable ordinances, building codes and permit requirements; (v) obtain all customary contractors' sworn

statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; and (vi) complete development of and have the SHOP ready to open and commence the conduct of its business in accordance with Section 15 hereof.

E. FRANCHISEE acknowledges and agrees that: FRANCHISOR may from time to time designate the maximum amount of debt that a SHOP may service, and FRANCHISEE will ensure that it complies with such limits; and, if the SHOP is one of the 1st two SHOPS developed under the Multi-Unit Development Agreement pursuant to which this Agreement has been executed, FRANCHISOR may require that all of the development costs and the initial franchise fee shall be funded solely from cash equity and without proceeds from any financing from FRANCHISEE'S owners or affiliates, their affiliates' owners or any other third party. FRANCHISEE will ensure that it will have sufficient cash, through equity capital contributed to FRANCHISEE by its owners, to comply with this requirement.

F. FRANCHISEE shall establish a fund for the purpose of funding any refurbishing, renovation, equipment modification and redecorating of the premises of the SHOP as required by FRANCHISOR as either a modification of the System or a condition for renewal of the franchise as required by FRANCHISOR. FRANCHISEE shall deposit into such account not less than Two Hundred Dollars ($200.00) on a monthly basis. The contribution to this fund shall commence after FRANCHISEE has operated the SHOP for a period of twelve (12) months. FRANCHISEE shall at the end of each calendar quarter furnish proof to FRANCHISOR of such deposits and balance maintained. FRANCHISEE shall not be required to maintain in excess of TWENTY-FIVE THOUSAND DOLLARS ($25,000.00) in such fund. FRANCHISEE acknowledges hereby that the actual cost of such refurbishing, renovation, equipment modification and redecorating may exceed the amount required in such fund.

G. If the lease for the site of the SHOP expires or terminates without fault of FRANCHISEE, or if the site is destroyed, condemned or otherwise rendered unusable, or if in the judgment of FRANCHISOR there is a change in character of the location of the SHOP sufficiently detrimental to its business potential to warrant its relocation, FRANCHISOR will grant permission for relocation of the SHOP within FRANCHISEE's Market Area at a location and site acceptable to FRANCHISOR. Any such relocation shall be at FRANCHISEE's sole expense and FRANCHISOR shall have the right to charge FRANCHISEE for any costs incurred by FRANCHISOR, and a reasonable fee for its services, in connection with any such relocation of the SHOP.

5. **EQUIPMENT, FIXTURES, FURNITURE AND SIGNS**.

A. FRANCHISOR shall provide FRANCHISEE with specifications for brands and types of food and beverage preparation, dispensing, storage and display equipment, cash registers, other equipment, fixtures, furniture, exterior and interior signs and decorating required for the SHOP. Specifications may include minimum standards for performance, warranties, design and appearance and local zoning, sign and other restrictions. FRANCHISEE may purchase or lease original and replacement equipment, fixtures, furniture, signs and decorating materials and services meeting such specifications from any source, subject to Section 6 of this Agreement. If FRANCHISEE proposes to purchase or lease any item of equipment or furniture or any fixture,

sign or decorating materials not theretofore approved by FRANCHISOR as meeting its specifications, FRANCHISEE shall submit its request in writing to FRANCHISOR before purchasing or leasing any item. FRANCHISOR will not be obligated to respond to FRANCHISEE's request, and any actions FRANCHISOR takes in response to such request will be at FRANCHISOR's sole discretion. FRANCHISOR may, with or without cause, revoke FRANCHISOR's approval of any item at any time.

B. FRANCHISEE shall comply with all specifications for brand and type of equipment used in the SHOP as provided in Section 15 herein.

6. **COMPUTER SYSTEM AND TECHNOLOGY FUND.**

A. FRANCHISEE acknowledges and agrees that it has sole and complete responsibility for: (a) acquiring, operating, maintaining and upgrading the computer hardware, software, cash register and other equipment required by FRANCHISOR from time to time (the "Computer Systems"), subject to FRANCHISOR's agreement to provide, install, maintain, repair and replace certain hardware and software components of the Computer Systems pursuant to a separate equipment lease agreement executed by FRANCHISOR and FRANCHISEE simultaneously with this Agreement; (b) the manner in which the Computer Systems interface with FRANCHISOR's systems and those of third parties; and (c) any and all consequences that may arise if the Computer Systems are not properly operated, maintained, and upgraded.

B. FRANCHISEE shall contribute to the COUSINS SUBS Shop technology fund (the "Technology Fund") an amount equal to the total invoiced recurring subscription service fees identified on Exhibit A attached hereto, as we may periodically amend to reflect any changes in the licenses and services provided by the Technology Fund. Exhibit A provides an itemized breakdown of the Technology Fund contribution which is based, in part, on the number of terminals at the Shop. If as of execution of this Agreement the number of terminals to be located at the Shop has not yet been determined, FRANCHISOR and FRANCHISEE shall attach Exhibit A to this Agreement at such time as FRANCHISOR has approved of the interior design and layout of the Shop. FRANCHISOR retains the right to increase FRANCHISEE's contribution to the Technology Fund upon thirty (30) days' prior written notice by FRANCHISOR. However, FRANCHISOR agrees not to increase FRANCHISEE's contribution to the Technology Fund by more than ten percent (10%) in any twelve-month period for any costs within FRANCHISOR's direct control or those costs that are not paid to third-party service providers. Provided, however, it is understood between FRANCHISEE and FRANCHISOR that many of the costs collected under the Technology Fund and described in Exhibit A are costs determined by and invoiced by third-party service providers that are passed through to FRANCHISEE. Accordingly, such costs are considered to be outside of FRANCHISOR's control as FRANCHISOR does not set pricing for those services; therefore, any and all fee increases imposed by such third-party service providers will not be subject to the ten (10%) increase limitation and will be passed through to FRANCHISEE. FRANCHISEE's required payments to the Technology Fund shall be made at the same time and in the same manner as, and in addition to, the Continuing Service Fee as provided in Section 13 of this Agreement and the advertising Fund contribution provided in Section 12.C of this Agreement. The Technology Fund shall be maintained and administered by FRANCHISOR or its designee, as follows:

1. FRANCHISOR shall provide, or engage third party service providers to provide, certain technology related products and services, which may include point-of-sale system hardware, software, gift card processing, guest surveys, social media review and monitoring, and other technology related products and services. FRANCHISOR may periodically modify the products and services it provides through the Technology Fund. FRANCHISOR may require FRANCHISEE to enter into written agreements with FRANCHISOR and/or third party service providers to receive such products and services, with terms and conditions FRANCHISOR approves.

2. All sums paid by FRANCHISEE to the Technology Fund shall be accounted for separately from the other funds of FRANCHISOR and shall not be used to defray any of FRANCHISOR's general operating expenses, except for such administrative costs and overhead, if any, as FRANCHISOR may incur in activities reasonably related to the administration or direction of the Technology Fund, and collecting and accounting for assessments for the Technology Fund.

3. It is anticipated that all contributions to the Technology Fund shall be expended during FRANCHISOR's fiscal year within which contributions are made. If, however, excess amounts remain in the Technology Fund at the end of such fiscal year, then (1) all expenditures in the following fiscal year(s) shall be made first out of any current interest or other earnings of the Technology Fund, next out of any accumulated earnings, and finally from principal, and (2) FRANCHISOR may (but shall not be obligated to) use any excess funds to offset future costs under the Technology Fund by reducing the amount collected under the recurring service fee, or invest in future technology needs as reasonably determined by FRANCHISOR.

4. FRANCHISOR may terminate the Technology Fund. The Technology Fund shall not be terminated, however, until all monies in the Technology Fund have been expended.

5. An accounting of the operation of the Technology Fund shall be prepared annually and shall be made available to FRANCHISEE upon request. FRANCHISOR reserves the right, at its option, to require that such annual accounting include an audit of the operation of the Technology Fund prepared by an independent certified public accountant selected by FRANCHISOR and prepared at the expense of the Technology Fund.

C. Although FRANCHISOR is offering managed services as part of its technology related products and services (as described in detail in FRANCHISOR's Confidential Operations Manual), FRANCHISEE acknowledges and agrees that it is solely responsible for ensuring it is in compliance with all applicable Payment Card Industry Data Security Standards. FRANCHISEE further acknowledges and agrees that its indemnification obligations set forth in Section 23 of this Agreement shall apply in the event of a data breach or claims made as a result of or in connection with FRANCHISEE's failure to comply with Payment Card Industry Data Security Standards.

D. If FRANCHISOR terminates the Technology Fund, FRANCHISOR reserves the right to require that FRANCHISEE comply with FRANCHISOR's requirements related to the Computer Systems and technology (as may be described in the Confidential Operations Manual or otherwise in writing). FRANCHISEE agrees to comply with all such requirements and acknowledges that complying with such requirements may require FRANCHISEE to purchase, lease or license new products or to obtain support or services from approved or designated suppliers (which may include FRANCHISOR or its affiliates).

7. **TRAINING AND ASSISTANCE**.

A. Before the SHOP opens, FRANCHISOR will train FRANCHISEE (or FRANCHISEE's Designated Managers (defined in Section 15.M)) on operating a Cousins Subs Shop. FRANCHISOR will provide approximately twenty-five (25) business days of training (although the specific number of days depends on FRANCHISOR's opinion of FRANCHISEE's or FRANCHISEE's Designated Managers' experience and needs) at FRANCHISOR's corporate office, at a designated training facility of FRANCHISOR's choice or at any other certified training location designated by FRANCHISOR, or may be held virtually, as FRANCHISOR determines in its discretion. After completing the training program, attendees must pass a certification testing to fulfill certified operator requirements. If certification requirements are not met to the satisfaction of FRANCHISOR, additional training will be required. Said training program shall cover all material aspects of the operation of a COUSINS SUBS Shop, including financial controls, general bookkeeping procedures, food preparation service and operational techniques, marketing and advertising techniques, sanitation and maintenance procedures, deployment of labor, and maintenance of quality standards. FRANCHISEE (or FRANCHISEE's Designated Manager) must also complete a state certified food safety course at FRANCHISEE's expense.

B. If training is completed to FRANCHISOR's satisfaction and FRANCHISEE's location does not open within ninety (90) days of the training completion date, FRANCHISEE and FRANCHISEE's Designated Managers must complete a training review for a minimum of three (3) days.

C. FRANCHISOR will train up to four (4) persons, including FRANCHISEE and/or FRANCHISEE's Designated Managers, and additional employees, without charging a training fee. If space permits, and FRANCHISOR agrees to allow FRANCHISEE to send more than four (4) persons to the initial training program, FRANCHISEE will pay a $2,500 training fee for each additional person beyond the four included persons. FRANCHISEE is responsible for all related training fees, travel, lodging, meal and wage expenses for attending initial training. FRANCHISOR may require FRANCHISEE to replace any managers (including either of the Designated Managers) who FRANCHISOR determines are not qualified or suitable to hold the position as a certified operator.

D. For a minimum of four (4) days prior to the opening of the SHOP and ten (10) business days (which need not be consecutive) within the first thirty (30) days of operation of the SHOP, FRANCHISOR will furnish to FRANCHISEE, at FRANCHISEE's premises and at FRANCHISOR's expense, at least one of its training representatives for the purpose of facilitating the training required for the opening of the SHOP. During this period, such representative will

also assist FRANCHISEE in establishing and standardizing procedures and techniques essential to the operation of a COUSINS SUBS Shop. Should FRANCHISEE request additional assistance from FRANCHISOR in order to facilitate the opening of the SHOP, and should FRANCHISOR deem it necessary and appropriate, FRANCHISEE shall reimburse FRANCHISOR for the expense of FRANCHISOR providing such additional assistance, including salary, travel, meal and temporary lodging expenses of its employees.

E. Each of FRANCHISEE's employees shall complete a training program as prescribed in the Confidential Operations Manual (defined in Section 9 hereof).

F. If FRANCHISOR determines that FRANCHISEE or FRANCHISEE's Designated Managers are unable to complete the training program at FRANCHISOR's headquarters and become a certified operator to FRANCHISOR's satisfaction, FRANCHISOR shall have the right to terminate this Agreement upon written notice to FRANCHISEE.

G. FRANCHISOR from time to time may provide and may require that previously trained and experienced Franchisees or their managers or employees attend and successfully complete refresher training programs or seminars to be conducted at such location as may be designated by FRANCHISOR, or may be held virtually, as FRANCHISOR determines in its discretion, and at FRANCHISEE's expense, including courses provided by third-parties FRANCHISOR designates; provided, however, that attendance will not be required at more than four (4) such programs in any calendar year. FRANCHISEE (or its Designated Managers) must attend an annual meeting for the Cousin Subs System at a location FRANCHISOR designates, or virtually, as FRANCHISOR determines, provided that such annual meeting will not exceed three (3) days in duration during any calendar year. FRANCHISOR reserves the right to charge FRANCHISEE One Thousand Dollars ($1,000) for failing to attend the annual meeting pursuant to this Section.

8. **PROPRIETARY MARKS AND THE SYSTEM**.

A. FRANCHISEE acknowledges that FRANCHISOR's affiliate, Cousins Submarines, Inc., is the owner of the Marks and the System, and FRANCHISEE's right to use of the Marks and the System is derived solely from this Agreement and is limited to the conduct of business by FRANCHISEE pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by FRANCHISOR from time to time during the term of the Franchise. Any unauthorized use of the Marks or the System by FRANCHISEE shall be a breach of this Agreement and an infringement of the rights of FRANCHISOR and Cousins Submarines, Inc. in and to the Marks and the System. FRANCHISEE acknowledges and agrees that all usage of the Marks and the System by FRANCHISEE and any goodwill established by FRANCHISEE's use of the Marks and the System shall inure to the exclusive benefit of Cousins Submarines, Inc. and FRANCHISOR and that this Agreement does not confer any goodwill or other interests in the Marks or the System upon FRANCHISEE. FRANCHISEE shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or the System or assist any other person in contesting the validity or ownership of any of the Marks or the System. All provisions of this Agreement applicable to

the Marks apply to any additional trademarks, service marks, and commercial symbols authorized for use by FRANCHISOR after the date of this Agreement.

B. FRANCHISEE shall not use any Mark (i) as part of any corporate or trade name, (ii) as part of any website, domain name, email address, social media account, user name, other online presence or identification of FRANCHISEE in any electronic medium of any kind ("Online Presence"), except in accordance with FRANCHISOR's guidelines set forth in the Confidential Operations Manual or otherwise in writing from time to time, (iii) with any prefix, suffix, or other modifying words, terms, designs, or symbols, (iv) in any modified form, (v) in connection with the sale of any unauthorized product or service, or (vi) in any other manner not expressly authorized in writing by FRANCHISOR. FRANCHISEE agrees to give such notices of trademark and service mark registrations as FRANCHISOR specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law. FRANCHISEE may not use any Mark in advertising any prospective transfer that would require FRANCHISOR'S prior written consent under Section 21. FRANCHISEE shall not use any of the Marks in any manner which has not been specified or approved by FRANCHISOR.

C. FRANCHISEE shall immediately notify FRANCHISOR in writing of any apparent infringement of or challenge to FRANCHISEE's use of any Mark, and of any claim by any person of any rights in any Mark or any similar trade name, trademark, or service mark of which FRANCHISEE becomes aware. FRANCHISEE shall not directly or indirectly communicate with any person other than FRANCHISOR, Cousins Submarines, Inc. and their counsel in connection with any such infringement, challenge, or claim. FRANCHISOR and Cousins Submarines, Inc. shall have the right to take such action as they deem appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of such infringement, challenge or claim or otherwise relating to any Mark. FRANCHISEE agrees to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of FRANCHISOR's or Cousins Submarines, Inc.'s counsel, be necessary or advisable to protect and maintain the interests of FRANCHISOR or Cousins Submarines, Inc. in any such litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding or to otherwise protect and maintain the interests of FRANCHISOR and Cousins Submarines, Inc. in the Marks.

D. FRANCHISOR agrees to indemnify FRANCHISEE against, and to reimburse FRANCHISEE for, all damages for which it is held liable in any proceeding in which FRANCHISEE's use of any Mark pursuant to and in compliance with this Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by FRANCHISEE in the defense of any such claim brought against it or in any such proceeding in which it is named as a party, provided that FRANCHISEE has timely notified FRANCHISOR of such claim or proceeding and has otherwise complied with this Agreement and that FRANCHISOR shall have the right to defend any such claim.

E. If it becomes advisable at any time for FRANCHISOR and/or FRANCHISEE to modify or discontinue use of any Mark, and/or use one or more additional or substitute trade names, trademarks, service marks, or other commercial symbols, FRANCHISEE agrees to comply

with FRANCHISOR's directions within a reasonable time after notice to FRANCHISEE by FRANCHISOR, and FRANCHISOR shall have no liability or obligation whatsoever with respect to FRANCHISEE's modification or discontinuance of any Mark or expenses incurred in connection therewith.

F. In order to preserve the validity and integrity of the Marks and copyrighted material licensed herein and to assure that FRANCHISEE is properly employing the same in the operation of the SHOP, FRANCHISOR or its agents shall have the right of entry and inspection of FRANCHISEE's premises at all reasonable times and, additionally, shall have the right to observe the manner in which FRANCHISEE is rendering its services and conducting its operations, to confer with FRANCHISEE's employees and customers, to inspect FRANCHISEE's Computer Systems (including hardware, software, security, configurations, connectivity, and data access), and to select ingredients, food and non-food products, beverages, and other items, products, materials and supplies for test of content and evaluation purposes to make certain that the services, ingredients, products, materials, equipment and operations are satisfactory and meet the quality control provisions and performance standards established by FRANCHISOR. FRANCHISEE must reimburse all costs (including supplier fees, travel expenses, room and board, and compensation of FRANCHISOR'S employees) associated with re-inspections or follow-up visits that FRANCHISOR conducts after any audit or inspection of FRANCHISEE'S premises identifies one or more failures of System standards, and/or if any follow-up visit is necessary because FRANCHISOR or FRANCHISOR'S designated representatives were for any reason prevented from properly inspecting any or all of FRANCHISEE'S premises (including because FRANCHISEE or FRANCHISEE'S personnel refused entry to the premises).

G. FRANCHISEE agrees not to, and to use its best efforts to cause its parents, subsidiaries and affiliates, and its and their respective owners, officers, directors, employees, managers, agents, representatives, spouses, heirs, predecessors, successors, and assigns not to, disparage or otherwise speak or write negatively, directly or indirectly, of FRANCHISOR or its parents, subsidiaries, and affiliates, and its and their respective current and former owners, officers, directors, employees, managers, agents, representatives, predecessors, successors, and assigns or its or their current and former franchisees, developers, area developers or the COUSINS SUBS brand, the System, or any other service-marked or trademarked concept of FRANCHISOR, or which would subject the COUSINS SUBS brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of FRANCHISOR, its affiliates, the COUSINS SUBS brand or the Marks, or would constitute an act of moral turpitude.

9. **CONFIDENTIAL OPERATIONS MANUAL**.

A. FRANCHISOR will loan to FRANCHISEE during the term of the franchise one (1) copy of an operations manual containing mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by FRANCHISOR for COUSINS SUBS Shops and information relative to other obligations of FRANCHISEE hereunder and the operation of the SHOP (the "Confidential Operations Manual"). The Confidential Operations Manual contains proprietary information of FRANCHISOR and shall be kept confidential by FRANCHISEE both during the term of the franchise and subsequent to the expiration or termination of the franchise. The Confidential Operations Manual includes all intranet and other

electronic media and/or written materials such as the Product Specifications Manual and Franchise Manual. FRANCHISOR shall have the right to modify the Confidential Operations Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by FRANCHISOR for COUSINS SUBS Shops, provided that no such modification shall alter FRANCHISEE's fundamental status and rights under this Agreement.

B. The Confidential Operations Manual shall at all times remain the sole property of FRANCHISOR and shall promptly be returned upon the expiration or termination of this Agreement.

C. FRANCHISEE shall at all times insure that its copy of the Confidential Operations Manual be available at the premises of the SHOP in a current and up-to-date manner, and in the event of any dispute as to the contents of the Confidential Operations Manual, the terms of the master copy of the Confidential Operations Manual maintained by FRANCHISOR at FRANCHISOR's home office shall be controlling.

10. **CONFIDENTIAL INFORMATION**.

A. In connection with the franchise under this Agreement, FRANCHISEE and FRANCHISEE's owners and personnel may from time to time be provided and/or have access to non-public information about the System and the development and operation of COUSINS SUBS SHOPS (including FANCHISEE'S Shop), some of which constitutes trade secrets under applicable law, regardless of whether it is marked confidential (the "Confidential Information"), including (without limitation): (1) site selection criteria; (2) training and operations materials and manuals, including, without limitation, recipes, product formulae and the Confidential Operations Manual; (3) the System standards, restaurant operating procedures of a COUSINS SUBS Shop, the method of preparation of sandwiches and other food products and other methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting and operating COUSINS SUBS SHOPS; (4) market research, promotional, marketing and advertising programs for COUSINS SUBS SHOPS; (5) knowledge of specifications for, and suppliers of, operating assets and other products and supplies; (6) any computer software or similar technology which is proprietary to FRANCHISOR, its affiliates, or the System, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; (7) knowledge of the operating results and financial performance of COUSINS SUBS SHOPS, other than FRANCHISEE'S SHOP; and (8) customer data. The following shall not constitute Confidential Information: (i) information which FRANCHISEE can demonstrate came to its attention prior to disclosure thereof by FRANCHISOR; (ii) information which, at the time of disclosure by FRANCHISOR to FRANCHISEE, had become a part of the public domain, through publication or communication by others; or (iii) information which, after disclosure to FRANCHISEE by FRANCHISOR, becomes a part of the public domain, through publication or communication by others through no fault of FRANCHISEE.

B. All Confidential Information furnished to FRANCHISEE by FRANCHISOR or on FRANCHISOR'S behalf, whether orally or by means of written material (i) shall be deemed

proprietary, (ii) shall be held by FRANCHISEE in strict confidence, (iii) shall not be copied, disclosed or revealed to or shared with any other person except to FRANCHISEE'S employees or contractors who have a need to know such Confidential Information for purposes of this Agreement and who are under a duty of confidentiality no less restrictive than FRANCHISEE'S obligations hereunder, or to individuals or entities specifically authorized by FRANCHISOR in advance, and (iv) shall not be used in connection with any other business or capacity. FRANCHISEE will not acquire any interest in Confidential Information other than the right to use it as FRANCHISOR specifies in operating FRANCHISEE'S SHOP during this Agreement's term. FRANCHISEE agrees to adopt and implement reasonable procedures to prevent unauthorized use, access or disclosure of Confidential Information, including by establishing reasonable security and access measures, and agrees to protect such Confidential Information in the same manner as FRANCHISEE protects its own confidential or proprietary information of a similar nature and with no less than reasonable care. FRANCHISOR may require FRANCHISEE to have its employees and contractors execute individual undertakings and shall have the right to regulate the form of and to be a party to or third-party beneficiary under any such agreements. FRANCHISEE acknowledges that any form of confidentiality or non-disclosure agreement that FRANCHISOR requires FRANCHISEE to use, provides to FRANCHISEE, or regulates the terms of, may or may not be enforceable in a particular jurisdiction. FRANCHISEE agrees that FRANCHISEE is solely responsible for obtaining its own professional advice with respect to the adequacy of the terms and provisions of any confidentiality and non-disclosure agreement that FRANCHISEE's employees, agents and independent contractors sign.

C. FRANCHISEE acknowledges and agrees that, as between FRANCHISOR and FRANCHISEE, FRANCHISOR is the sole owner of all right, title, and interest in and to the System and any Confidential Information. All improvements, developments, derivative works, enhancements, or modifications to the System and any Confidential Information (collectively, "Innovations") made or created by FRANCHISEE, its employees or its contractors, whether developed separately or in conjunction with FRANCHISOR, shall be owned solely by FRANCHISOR. FRANCHISEE represents, warrants, and covenants that its employees and contractors are bound by written agreements assigning all rights in and to any Innovations developed or created by them to FRANCHISEE. To the extent that FRANCHISEE, its employees or its contractors are deemed to have any interest in such Innovations, FRANCHISEE hereby agrees to assign, and does assign, all right, title and interest in and to such Innovations to FRANCHISOR. To that end, FRANCHISEE shall execute, verify, and deliver such documents (including, without limitation, assignments) and perform such other acts (including appearances as a witness) as FRANCHISOR may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof. FRANCHISEE'S obligation to assist FRANCHISOR with respect to such ownership rights shall continue beyond the expiration or termination of this Agreement. In the event FRANCHISOR is unable for any reason, after reasonable effort, to secure FRANCHISEE'S signature on any document needed in connection with the actions specified in this Section 10, FRANCHISEE hereby irrevocably designates and appoints FRANCHISOR and its duly authorized officers and agents as FRANCHISEE'S agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on FRANCHISEE'S behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section 10 with the same legal force and effect as if executed by

FRANCHISEE. The obligations of this Section 10 shall survive any expiration or termination of the Agreement.

D. Due to the special and unique nature of the Confidential Information, the Marks, and Confidential Operations Manual of FRANCHISOR, FRANCHISEE hereby agrees and acknowledges that FRANCHISOR shall be entitled to immediate equitable remedies, including but not limited to, restraining orders and injunctive relief in order to safeguard such proprietary, confidential, unique, and special information of FRANCHISOR and that money damages alone would be an insufficient remedy with which to compensate FRANCHISOR for any breach of the related terms of this Agreement.

11. **MODIFICATION OF THE SYSTEM**.

FRANCHISEE recognizes and agrees that from time to time hereafter FRANCHISOR may change or modify the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new menu items, new products, new equipment, new techniques, and new payment systems, and that FRANCHISEE will accept, use and display for the purpose of this Agreement any such changes in the System, as if they were part of this Agreement at the time of execution hereof. FRANCHISEE will make such expenditures as such changes or modifications in the System as FRANCHISOR may reasonably require. FRANCHISEE shall not change, modify or alter in any way the System without FRANCHISOR's prior written consent.

12. **ADVERTISING**.

Recognizing the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of COUSINS SUBS Shops, FRANCHISEE agrees as follows:

A. FRANCHISEE will submit to FRANCHISOR or its designee, for its prior approval, all promotional materials and advertising to be used by FRANCHISEE, including, but not limited to, newspapers, radio and television advertising, specialty and novelty items, signs, boxes, napkins, bags and wrapping papers. In the event written approval of said advertising and promotional material is not given by FRANCHISOR to FRANCHISEE within twenty (20) days from the date such materials is received by FRANCHISOR, said materials shall be deemed disapproved. The submission of advertising to FRANCHISOR for approval shall not affect FRANCHISEE's right to determine the prices at which FRANCHISEE sells its products or services. FRANCHISOR may require that a brief statement regarding the availability of COUSINS SUBS franchises be included in advertising used by FRANCHISEE and/or that signs or brochures offering and selling COUSINS SUBS franchises be displayed in the SHOP.

B. FRANCHISEE specifically acknowledges and agrees that any Online Presence (including a Website) shall be deemed “advertising” under this Agreement, and will be subject to, among other things, FRANCHISOR's approval under Paragraph A under this Section. As used in this Agreement, the term “Website” means an interactive electronic document, contained in a network of computers linked by communications software, that FRANCHISEE operates or

authorizes others to operate and that refers to the SHOP, the Marks, FRANCHISOR, and/or the System. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Online Presence, FRANCHISEE agrees to the following:

1. Before establishing the Website, FRANCHISEE shall submit to FRANCHISOR a sample of the Website format and information in the form and manner FRANCHISOR may reasonably require.

2. FRANCHISEE shall not establish or use the Website without FRANCHISOR's prior written approval.

3. If FRANCHISEE maintains a Website for its SHOP, FRANCHISEE must prepare and maintain a privacy policy for such Website, which must be linked to the Website. The privacy policy must comply with all applicable laws, System standards, and other requirements FRANCHISOR may prescribe in writing.

4. In addition to any other applicable requirements, FRANCHISEE shall comply with FRANCHISOR's standards and specifications for Websites as prescribed by FRANCHISOR in the Confidential Operations Manual or otherwise in writing. If required by FRANCHISOR, FRANCHISEE shall establish its Website as part of FRANCHISOR's Website and/or establish electronic links to FRANCHISOR's Website.

5. If FRANCHISEE proposes any material revision to the Website or any of the information contained in the Website, FRANCHISEE shall submit each such revision to FRANCHISOR for FRANCHISOR's prior written approval.

6. Notwithstanding the foregoing, FRANCHISEE may utilize social media Websites (such as Facebook® or Twitter®) approved by FRANCHISOR in accordance with FRANCHISOR's guidelines, or such other Online Presences as FRANCHISOR approves in writing. If FRANCHISOR approves the use of any Online Presence in the operation of FRANCHISEE's SHOP, FRANCHISEE will develop and maintain such Online Presence only in accordance with FRANCHISOR's guidelines, including FRANCHISOR's guidelines for posting any messages or commentary on third-party websites. FRANCHISOR may at any time revoke FRANCHISEE's rights to use any Online Presence, or to require that FRANCHISEE obtain FRANCHISOR's approval of any message FRANCHISEE intends to post prior to posting. FRANCHISOR will own the rights to each Online Presence. At FRANCHISOR's request, FRANCHISEE agrees to grant FRANCHISOR access to each such Online Presence, and to take whatever action (including signing assignment or other documents) FRANCHISOR requests to evidence its ownership of such Online Presence, or to help FRANCHISOR obtain exclusive rights in such Online Presence.

C. FRANCHISEE shall contribute to the COUSINS SUBS Shop Advertising and Development Fund (hereinafter "Fund"), an amount not to exceed the sum equal to two percent (2%) of FRANCHISEE's gross receipts, as defined in Section 13. FRANCHISOR retains the right

to increase FRANCHISEE's contribution to the Fund, but not to exceed three percent (3%) of FRANCHISEE's gross receipts upon ninety (90) days prior written notice by FRANCHISOR. However, in the event FRANCHISOR increases the contribution to the Fund, the requirements for local advertising expenditures as provided herein shall be decreased in an equal amount. FRANCHISEE's required payments to the Fund shall be made at the same time and in the same manner as, and in addition to, the Continuing Service Fee provided in Section 13 herein. Except as provided herein, such payments shall be made in addition to and exclusive of any sums that FRANCHISEE may be required to spend on local advertising and promotion. The Fund shall be maintained and administered by FRANCHISOR or its designee, as follows:

1. FRANCHISOR shall direct all advertising programs and has the right to determine the creative concepts, materials and media used in such programs and the placement and allocation thereof. FRANCHISEE agrees and acknowledges that the Fund is intended to maximize general public recognition and acceptance of the Marks, patronage of the SHOPS and the COUSINS SUBS brand and System generally, and that FRANCHISOR and its designee undertake no obligation in administering the Fund to make expenditures for FRANCHISEE which are equivalent or proportionate to its contribution, or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising.

2. FRANCHISOR shall, for each of its company-owned and affiliate-owned COUSINS SUBS Shops, make (or cause to be made) contributions to the Fund equivalent to the contributions required of franchisees within the System.

3. FRANCHISEE agrees that the funds may be used to meet any and all costs of maintaining, administering, directing and preparing advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns, and other public relations activities; employing advertising agencies to assist therein; providing promotional brochures and other marketing materials to franchisees in the System); maintaining and updating a Website for COUSINS SUBS Shops; and developing and administering software, applications and related integrations. All sums paid by FRANCHISEE to the Fund shall be maintained in a separate account from the other funds of FRANCHISOR and shall not be used to defray any of FRANCHISOR's general operating expenses, except for such administrative costs and overhead, if any, as FRANCHISOR may incur in activities reasonably related to the administration or direction of the Fund and advertising programs including, without limitation, conducting marketing research, preparing marketing and advertising materials, and collecting and accounting for assessments for the Fund.

4. It is anticipated that all contributions to the Fund shall be expended for advertising and promotional purposes during FRANCHISOR's fiscal year within which contributions are made. If, however, excess amounts remain in the Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of any current interest or other earnings of the Fund, next out of any accumulated earnings, and finally from principal.

5. Although FRANCHISOR intends the Fund to be perpetual duration, FRANCHISOR may terminate the Fund. The Fund shall not be terminated, however, until all monies in the Fund have been expended for advertising and promotion purposes.

6. An accounting of the operation of the Fund shall be prepared annually and FRANCHISOR will provide a copy of the statement to FRANCHISEE upon receipt of a written request from FRANCHISEE. FRANCHISOR reserves the right, at its option, to require that such annual accounting include an audit of the operation of the Fund prepared by an independent certified public accountant selected by FRANCHISOR and prepared at the expense of the Fund.

D. FRANCHISEE shall pay FRANCHISOR, upon execution of the lease or purchase agreement for the SHOP, the sum of TEN THOUSAND DOLLARS ($10,000) for payment of FRANCHISEE's "Store Marketing Fee." The "Store Marketing Fee" shall consist of newspaper, direct mail and other advertising or promotional materials designated by FRANCHISOR, with the consent of FRANCHISEE, for use in marketing the SHOP. FRANCHISEE agrees that all of the "Store Marketing Fee" shall be spent within one year of the opening of the SHOP, or if this Agreement is being executed in connection with a transfer of the SHOP, within one year of the effective date of the transfer. Any amounts unspent after that year may be deposited by FRANCHISOR into the Fund, and FRANCHISEE will lose all rights to any unspent amounts relating to the "Store Marketing Fee." In the event this Agreement is terminated for any reason prior to FRANCHISEE's opening of the SHOP, the balance of such deposit less any amounts already expended by FRANCHISOR for FRANCHISEE's "Store Marketing Fee" shall be refunded to FRANCHISEE. Once the SHOP opens, or the transfer of the SHOP has been consummated, the "Store Marketing Fee" shall not be refundable under any circumstances.

E. FRANCHISEE will spend each calendar quarter on local advertising and promotion an amount not less than three percent (3%) of FRANCHISEE's gross receipts for the preceding calendar quarter. Such expenditures shall be made directly by FRANCHISEE, subject to approval and direction by FRANCHISOR or FRANCHISOR's designee. On or before the twenty-fifth (25^{th}) day of each month FRANCHISEE shall furnish to FRANCHISOR, in a manner approved by FRANCHISOR, an accurate accounting of the previous month's expenditures on local advertising and promotion. This requirement shall commence after the SHOP has been in operation one (1) month.

F. From time to time FRANCHISOR may designate a local, regional or national advertising coverage area in which FRANCHISEE's business and at least one (1) other COUSINS SUBS Shop is located for purposes of developing a cooperative local or regional advertising or promotional program. FRANCHISEE agrees to participate in and contribute its share to such cooperative advertising and promotional programs in addition to such contributions and expenditures as required pursuant to Paragraphs C. and D. of this Section. The cost of the program shall be allocated among COUSINS SUBS Shops in such area and each such shop's share shall be in proportion to its sales, provided the aggregate of such additional contribution by FRANCHISEE shall not exceed three percent (3%) of the gross receipts of the shops during any period, unless the

members of the area cooperative approve a higher percentage in accordance with the bylaws adopted by such area cooperative. Should the participating COUSINS SUBS Shops be unable to agree as to the required expenditures of a cooperative advertising program, FRANCHISOR shall have the right to determine the form of the expenditures to be made through such cooperative advertising program. Said contributions to cooperative advertising promotional programs may be taken by each franchisee so contributing as a credit toward the local advertising and promotion expenditure required by Section 12.E. "Advertising coverage area" shall be defined as the area covered by the particular advertising medium (television, radio, or other medium) as recognized in the industry. At the time a program is submitted, FRANCHISOR shall submit a list to FRANCHISEE of all operating COUSINS SUBS Shops within the advertising coverage area.

G. FRANCHISEE shall maintain a business phone and continuously list the SHOP in such classified directories, online directories and subscriptions FRANCHISOR periodically prescribes (such as Yelp® and Google®), and/or establish any other Online Presence FRANCHISOR requires or authorizes. When more than one COUSINS SUBS Shop serves a metropolitan area, classified advertisements shall list all COUSINS SUBS Shops operating within the distribution area of such classified directories, and FRANCHISEE shall contribute its pro rata share in the cost of such advertisement based upon the number of COUSINS SUBS Shops listed. The expenditures for such advertising shall be credited toward the local advertising requirements pursuant to this Agreement.

13. **CONTINUING SERVICE FEE**.

A. FRANCHISEE shall pay without offset, credit or deduction of any nature, to FRANCHISOR, so long as this Agreement shall be in effect, a continuing service fee during each calendar year of the term of this Agreement equal to six percent (6%) on gross receipts of the SHOP (the "Continuing Service Fee").

1. On or before Wednesday of each week, FRANCHISEE will submit to FRANCHISOR on a form approved by FRANCHISOR, a correct statement, signed by FRANCHISEE, of the gross receipts of the SHOP for the preceding week ending Saturday; provided, however, FRANCHISOR may require FRANCHISEE to submit such gross receipt information electronically. Each weekly statement of gross receipts shall be accompanied by the Continuing Service Fee payment based on the gross receipts reported in the statement so submitted. FRANCHISEE will make available for reasonable inspection at reasonable times by FRANCHISOR, all original books and records that FRANCHISOR may deem necessary to ascertain the gross receipts of the SHOP.

2. The term "gross receipts" as used herein, shall mean and include the aggregate amount of all sales of food products, beverages and other merchandise and products of every kind or nature sold from, at or in connection with the SHOP or arising out of the operation or conduct of business by the SHOP, including but not limited to any revenues from all vending machine, video game machine and juke box sales, whether or not said machines have been approved by FRANCHISOR as required under Section 15.N (provided, however, FRANCHISEE's installation and maintenance of any vending machines, video game machines, juke boxes and other similar devices without the prior

written approval by FRANCHISOR shall constitute a default under this Agreement), less any customer refunds up to the amount of the sales price and excluding all sales, use or service taxes collected and paid to the appropriate taxing authority. "Gross receipts" shall include: (a) all amounts redeemed from gift certificates, gift cards or similar mediums, (b) all insurance proceeds received by FRANCHISEE for loss of business due to a casualty or similar event at the SHOP, and (c) the fair market value of any services or products received by FRANCHISEE in barter or exchange for its services or products.

B. FRANCHISOR will debit FRANCHISEE's business checking account (the "EFT Account") for these amounts on Wednesday (or any other day FRANCHISOR designates) of each week for the SHOP's gross receipts during the preceding Sunday through Saturday period (or as FRANCHISOR may otherwise prescribe from time to time in its sole discretion). FRANCHISEE hereby authorizes FRANCHISOR and its affiliates to debit FRANCHISEE's EFT Account for the Continuing Service Fees, advertising contributions, amounts due for purchases by FRANCHISEE from FRANCHISOR or its affiliates, and all other amounts due FRANCHISOR or its affiliates under this Agreement or otherwise. FRANCHISEE agrees to ensure that funds are available in the EFT Account to cover FRANCHISOR's withdrawals. Upon FRANCHISEE's request, FRANCHISEE agrees to sign any additional documents FRANCHISOR requires to authorize FRANCHISOR and its affiliates to debit FRANCHISEE's EFT Account.

If FRANCHISEE fails to submit the weekly gross receipts report, FRANCHISOR will calculate FRANCHISOR's estimate of FRANCHISEE's Continuing Service Fee contribution by using a gross receipts figure that is equal to one hundred twenty percent (120%) of the average weekly gross receipts of FRANCHISEE's SHOP for the previous six weeks. If the amounts that FRANCHISOR debits from FRANCHISEE's EFT Account are less than the amounts FRANCHISEE actually owes FRANCHISOR (once FRANCHISOR has determined the SHOP's true and correct gross receipts), FRANCHISOR will debit FRANCHISEE's EFT Account for the balance on the day FRANCHISOR specifies. If the amounts that FRANCHISOR debits from FRANCHISEE's EFT Account are greater than the amounts FRANCHISEE actually owes FRANCHISOR, FRANCHISOR will credit the excess against the amounts FRANCHISOR otherwise would debit from FRANCHISEE's EFT Account on the next payment date.

C. All Continuing Service Fees, advertising contributions, amounts due for purchases by FRANCHISEE from FRANCHISOR or its affiliates, and other amounts which FRANCHISEE owes to FRANCHISOR or its affiliates shall bear interest after due date at the highest applicable legal rate for open account business credit, not to exceed one and one-half percent (1.5%) per month. FRANCHISEE acknowledges that this Paragraph shall not constitute agreement by FRANCHISOR or its affiliates to accept such payments after same are due or a commitment by FRANCHISOR to extend credit to, or otherwise finance FRANCHISEE's operation of, the SHOP. Further, FRANCHISEE acknowledges that its failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided herein.

D. Notwithstanding any designation by FRANCHISEE, FRANCHISOR shall have the right to apply any payments by FRANCHISEE to any past due indebtedness of FRANCHISEE for

Continuing Service Fees, advertising contributions, purchases from FRANCHISOR and its affiliates, interest or any other indebtedness.

E. FRANCHISEE shall be responsible for and shall pay to FRANCHISOR (or reimburse FRANCHISOR for the payment of) upon demand any tax assessed on or measured by the amount of Continuing Service Fees or any other amounts paid to FRANCHISOR under this Agreement.

14. **ACCOUNTING AND RECORDS**.

A. FRANCHISEE shall establish and maintain a bookkeeping, accounting and record keeping system conforming to the requirements prescribed by FRANCHISOR, including without limitation the use and retention of sales checks, cash register tapes, purchase orders, invoices, payroll records, check stubs, sales tax records and returns, cash receipts and disbursements, general journals, general ledgers, bank statements and deposit slips.

B. FRANCHISEE shall engage a vendor designated by FRANCHISOR for accounting service during the first twelve (12) months of operating the SHOP.

C. FRANCHISEE will supply to FRANCHISOR on or before the twenty-fifth (25th) day of each month, in the form approved by FRANCHISOR, an activity report and a profit and loss statement and balance sheet for the last preceding calendar month. Additionally, FRANCHISEE shall, at its expense, submit to FRANCHISOR within ninety (90) days of the end of each fiscal year during the term of this Agreement, a profit and loss statement for such fiscal year and a balance sheet as of the last day of such fiscal year. Such financial statements shall be prepared in accordance with generally accepted accounting principles by an independent public accountant.

D. FRANCHISEE shall submit to FRANCHISOR such other periodic reports, forms and records as specified, and in the manner and at the time as specified in the Confidential Operations Manual or otherwise in writing.

E. FRANCHISEE shall record all sales on electronic cash registers approved by FRANCHISOR or on such other types of cash registers as may be designated by FRANCHISOR in the Confidential Operations Manual or otherwise in writing. FRANCHISEE agrees that FRANCHISOR shall have the right to require FRANCHISEE to utilize computer-based point-of-sale cash registers which are fully compatible with any program or system which FRANCHISOR, in its direction, may employ. All gross receipts and all sales information shall be recorded on such equipment. FRANCHISOR shall have full access to all of FRANCHISEE's data, system and related information by means of direct access whether in person, or by telephone/modem.

F. FRANCHISOR or its designated agents shall have the right at all reasonable times to inspect, examine and copy, at its expense, the books, records, and tax returns of FRANCHISEE and review all records relating to third party suppliers. FRANCHISEE shall fully cooperate with representatives of FRANCHISOR making any such inspection or conducting, supervising or

observing any such inventory, or otherwise taking action authorized to be taken by FRANCHISOR pursuant to this Section 14.F. FRANCHISEE hereby consents and agrees that FRANCHISOR may from time to time contact third party vendors to obtain information regarding FRANCHISEE's account with such vendor.

G. FRANCHISOR shall have the right, at any time, to have an independent audit made of the books of FRANCHISEE. If an inspection or audit should reveal that any payments to FRANCHISOR have been understated in any report to FRANCHISOR, then FRANCHISEE shall immediately pay to FRANCHISOR the amount understated upon demand, in addition to interest from the date such amount was due until paid. If an inspection or audit discloses an understatement in any report of two percent (2%) or more, or if caused by FRANCHISEE's failure to submit reports or other financial information to FRANCHISOR, FRANCHISEE shall, in addition, reimburse FRANCHISOR for any and all costs and expenses connected with the audit or inspection (including, without limitation, reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies FRANCHISOR may have.

15. **STANDARDS OF QUALITY AND PERFORMANCE**.

A. FRANCHISEE shall commence operation of the SHOP not later than twelve (12) months after the execution of this Agreement, or as otherwise approved in writing by FRANCHISOR. Prior to such opening, FRANCHISEE shall have procured all necessary licenses, permits, and approvals, including but not limited to construction permits, shall have hired and trained personnel, made all leasehold improvements, and purchased initial inventory. If FRANCHISEE for any reason fails to commence operations as herein provided, unless FRANCHISEE is precluded from doing so by war or civil disturbance, natural disaster or organized labor dispute or mutually agreed upon circumstance which precludes such timely commencement of operation, such failure shall be considered a default and FRANCHISOR may terminate this Agreement as herein provided. Once FRANCHISEE has commenced operation of the SHOP, FRANCHISEE must actively and continuously operate the SHOP during normal business hours (as FRANCHISOR may periodically prescribe in the Confidential Operations Manual) for the entire duration of the term of this Agreement.

B. FRANCHISEE agrees to maintain (or cause to be maintained) the condition and appearance of the premises of the SHOP (and any premises within which the SHOP operates) consistent with FRANCHISOR's quality controls and standards for the image of a COUSINS SUBS Shop as an attractive, pleasant and comfortable facility conducive to impulse buying by its customers. FRANCHISEE agrees to effect such reasonable maintenance of the SHOP as is from time to time required to maintain or improve the appearance and efficient operation of the SHOP, including replacement of worn out or obsolete fixtures and signs, repair of the exterior and interior of the SHOP and redecorating. If at any time in the FRANCHISOR's judgment the general state of repair or the appearance of the premises of the SHOP or its equipment, fixtures, signs or decor does not meet the FRANCHISOR's quality control and standards therefor, the FRANCHISOR shall so notify FRANCHISEE, specifying the action to be taken by FRANCHISEE to correct such deficiency. If FRANCHISEE fails or refuses to initiate within thirty (30) days after receipt of such notice, and thereafter continue, a bona fide program to complete any required maintenance, the FRANCHISOR shall have the right, in addition to all other remedies, to enter upon the premises

of the SHOP and effect such repairs, painting, decorating or replacements of equipment, fixtures or signs on behalf of FRANCHISEE and FRANCHISEE shall pay the entire costs thereof on demand. FRANCHISEE's obligation to initiate and continue any required maintenance shall be suspended during any period in which such maintenance is impractical due to war, civil disturbance, natural disaster, organized labor dispute or other event beyond FRANCHISEE's reasonable control.

C. FRANCHISEE shall make no material alterations to the improvements of the SHOP nor shall FRANCHISEE make material replacements of or alterations to the equipment, fixtures or signs of the SHOP without the prior written approval of FRANCHISOR.

D. The location of the SHOP approved by FRANCHISOR in accordance with the provisions hereof shall be used solely for the purpose of conducting a COUSINS SUBS Shop.

E. Except if FRANCHISEE is prohibited from selling certain categories of products under the terms of the SHOP lease, FRANCHISEE agrees that he will offer for sale and sell at the SHOP all types of sandwiches and other categories of food products that FRANCHISOR from time to time authorizes, and that it will not offer for sale or sell at the SHOP or the premises which it occupies any other food product, beverage, or confection whatsoever or other category of product or use such premises for any purpose other than the operation of the SHOP in full compliance with this Agreement. FRANCHISEE further agrees that it will participate in any gift certificate, gift card and/or loyalty card programs required by FRANCHISOR

F. FRANCHISOR has developed specially formulated and prepared Italian bread products, and other Italian meat products such as cappacolla and cotoghino (hereinafter "Trade Secret Food Products"). FRANCHISEE agrees to use Trade Secret Food Products designated by FRANCHISOR. The formulas and methods of preparation of the Trade Secret Food Products are trade secrets of FRANCHISOR. FRANCHISOR has determined that in order to protect its trade secrets and to monitor the manufacture, packaging, processing and sale of Trade Secret Food Products, it will (i) manufacture and supply Trade Secret Food Products to Franchisees of FRANCHISOR, and/or (ii) disclose the formulas for and methods and preparation of the Trade Secret Food Products to a limited number of suppliers who will be authorized by FRANCHISOR to manufacture Trade Secret Food Products to FRANCHISOR's precise specifications and sell Trade Secret Food Products to Franchisees of FRANCHISOR. FRANCHISEE acknowledges that it will be required to purchase Trade Secret Food Products from FRANCHISOR or a limited number of suppliers so authorized by FRANCHISOR. FRANCHISOR or its designees agree to sell to Franchisees such quantities of Trade Secret Food Products as FRANCHISEE requires from time to time in the operation of the SHOP and at prices in effect at the time of purchase. All COUSINS SUBS Shops are required to use in their operations Trade Secret Food Products as designated by FRANCHISOR.

G. From time to time, FRANCHISOR shall provide to FRANCHISEE, a list of approved manufacturers, suppliers, and distributors and approved food and non-food products, fixtures, equipment, signs, stationery, supplies, and other items or services necessary to operate the franchised restaurant. Such list shall specify the manufacturer, supplier and distributor and the

food and non-food products, fixtures, equipment, signs, stationery, supplies and services which FRANCHISOR has approved to be carried or used in the System. FRANCHISOR may revise the approved list of manufacturers, suppliers and distributors and the approved list of food and non-food products, fixtures, equipment, signs, stationery, supplies, and other materials from time to time. Such approved list shall be submitted to FRANCHISEE as FRANCHISOR deems advisable. FRANCHISEE acknowledges and agrees that FRANCHISOR and/or its affiliates may derive revenue based on FRANCHISEE'S purchases and leases (including, without limitation, from charging FRANCHISEE for products and services FRANCHISOR or its affiliates provide to FRANCHISEE and from payments made to FRANCHISOR or its affiliates by suppliers that FRANCHISOR designates or approves for some or all of its franchisees).

H. All sandwiches, menu items, breads, meats, cheeses, ingredients, toppings, spices mixes and other food and beverage products and materials, containers, packaging materials, other paper and plastic products, plates, cups, utensils, menus, uniforms, forms, cleaning and sanitation materials and other materials and supplies used in the operation of the SHOP shall conform to the specifications and quality standards established by FRANCHISOR from time to time. Except as otherwise provided herein, FRANCHISEE may purchase such products which meet the FRANCHISOR's specifications and quality standards from suppliers approved by FRANCHISOR as meeting its criteria for COUSINS SUBS Shop suppliers. If FRANCHISEE proposes to offer for sale at the SHOP any brand of product, or to use in the operation of the SHOP any brand of food ingredient or other material or supply, which is not then approved by FRANCHISOR as meeting its minimum specifications and quality standards, or to purchase any product from a supplier that is not then designated by FRANCHISOR as an approved supplier, FRANCHISEE shall submit its request in writing to FRANCHISOR before purchasing or leasing any such ingredient, material or supply. FRANCHISOR will not be obligated to respond to FRANCHISEE's request, and any actions FRANCHISOR takes in response to such request will be at FRANCHISOR's sole discretion, including the assessment of a fee to compensate FRANCHISOR for the time and resources it spends in evaluating the ingredient, material or supply. FRANCHISOR reserves the right from time to time to examine the facilities of any approved supplier or distributor, including the commissary and/or bakery, if any, operated by FRANCHISEE, and to conduct reasonable testing and inspection of the ingredients, materials or supplies to determine whether they meet FRANCHISOR's standards and specifications. FRANCHISOR also reserves the right to charge fees for testing and evaluating proposed suppliers or distributors and examining commissary and/or bakery operations and to impose reasonable limitations on the number of approved suppliers or distributors of any product, including commissaries and/or bakeries operated by franchisees. Approval of a supplier or distributor may be conditioned on requirements relating to frequency of delivery, standards of service including prompt attention to complaints and the ability to service and supply COUSINS SUBS Shops within areas designated by FRANCHISOR.

I. FRANCHISEE agrees to fully comply with all specifications, standards, operating procedures and rules as in effect from time to time relating to:

1. The safety, maintenance, cleanliness, sanitation, function and appearance of the SHOP premises and its equipment, fixtures, decor and signs and maintenance and service agreements therefor;

2. Training, dress, general appearance and demeanor of SHOP employees;

3. Type, quality, taste, portion control and uniformity, and manner of preparation, packaging, displays and sale, of all sandwiches and other food items sold by the SHOP and of all food, beverages and other products used in the preparation, packaging and sale thereof;

4. Menus, including appearance and the inclusion of nutrition information;

5. Hours during which the SHOP will be open for business;

6. Advertising and promotional programs;

7. Use of any third-party food delivery services, online ordering services, or other food aggregation services;

8. Limitations on the geographic area (which may differ from FRANCHISEE's Market Area) in which FRANCHISEE may offer delivery, catering and/or any other off-site services, as such limitations may be periodically modified;

9. Quality assurance and customer satisfaction programs;

10. Use and retention of standard forms;

11. Use and illumination of signs, posters, displays, menu boards and similar items;

12. Identification of FRANCHISEE as the owner of the SHOP;

13. The timely and satisfactory handling of customer complaints; and

14. Accepting credit and debit cards, other payment systems, and currencies.

No such specification, standard, operating procedure or rule shall be unreasonable or inconsistent with any provision of the lease for the premises of the SHOP. Mandatory specifications, standards, operating procedures and rules prescribed from time to time by FRANCHISOR, whether in the Confidential Operations Manual or otherwise communicated to FRANCHISEE in writing, shall constitute provisions of this Agreement as if fully set forth herein and shall be reasonable and uniformly applied to all franchisees. All references herein to this Agreement shall include all such mandatory specifications, standards and operating procedures and rules.

J. FRANCHISEE shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the SHOP and shall operate the SHOP in full compliance with all applicable laws, ordinances and regulations, including without limitation all government regulations relating to occupation hazards and health, consumer protection, trade regulation, workmen's compensation, unemployment insurance and withholding and payment of Federal and State income taxes and social security taxes and sales, use and property taxes. FRANCHISEE agrees to refrain from any merchandising, advertising or promotional practice which is unethical or may be injurious to the business of FRANCHISOR and/or other COUSINS SUBS Shops or to the goodwill associated with the Marks.

K. FRANCHISEE shall in the operation of the SHOP use only displays, trays, boxes, bags, wrapping paper, labels, forms and other paper and plastic products imprinted with the Marks and colors as prescribed from time to time by FRANCHISOR.

L. FRANCHISEE agrees that the SHOP shall at all times maintain an inventory of ingredients, food and beverage products and other products, materials and supplies that will permit operation of the SHOP at maximum capacity. FRANCHISEE further agrees that, unless otherwise agreed to in writing by FRANCHISOR, the SHOP will at all times maintain a product and supply inventory which will produce sufficient product which if sold at FRANCHISEE's customary retail prices would generate revenues equivalent to not less than the average weekly gross receipts of the SHOP.

M. The SHOP shall at all times be under the direct, on-premises supervision of FRANCHISEE or a trained and competent employee acting as full-time manager. In the event FRANCHISEE operates more than one franchise, or in the event FRANCHISEE does not devote its full time to conducting the SHOP business, FRANCHISEE must designate two competent managers who have completed the training requirements to hold the position of certified operator in accordance with Section 7.A to serve as full-time managers (the "Designated Managers"). FRANCHISEE must obtain FRANCHISOR'S written approval prior to changing either of the Designated Managers and shall keep FRANCHISOR informed at all times of the identity of any other employee(s) acting as manager(s) of the SHOP. FRANCHISOR may require the Designated Managers to have an equity interest in the franchise. FRANCHISOR shall make training available, as is reasonable and necessary, for all managers designated by FRANCHISEE. FRANCHISOR shall provide such training at the then-current published rates. FRANCHISEE agrees that it will at all times faithfully, honestly and diligently perform its obligations hereunder and that it will not engage in any other business or activities which, in the judgment of FRANCHISOR, will conflict with its obligation hereunder.

N. FRANCHISEE shall not install or maintain on the premises of the SHOP any newspaper racks, video games, video recorders, televisions, radios, juke boxes, gum machines, games, rides, vending machines or other similar devices without the prior written approval of FRANCHISOR.

O. Promptly upon receipt, and in any event no more than five (5) days following receipt of notice, FRANCHISEE agrees to provide FRANCHISOR a copy of any and all notices FRANCHISEE receives from any person, entity or governmental authority claiming that FRANCHISEE (or FRANCHISEE's Affiliates or representatives) has violated any laws, regulations, permits, licenses, agreements or otherwise committed any other breach, default or violation in connection with the operation of the SHOP, and/or that any audit, investigation or similar proceeding by any individual or governmental authority is pending or threatened, including (i) the commencement of any action, suit, or proceeding, (ii) the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, (iii) any default notices from any landlord or supplier, (iv) any violation notices from a health or safety regulatory board, and (v) any customer complaints alleging violations of law.

P. FRANCHISEE and its owners represent and warrant to FRANCHISOR that all statements, documents, materials, and information submitted to FRANCHISOR, including the application for the rights granted by this Agreement are true, correct and complete in all material respects, and there have been no material omissions. FRANCHISEE and its owners agree to comply with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including, without limitation Executive Order 13224 and related U.S. Treasury and other regulations. FRANCHISEE confirms that FRANCHISEE and its owners are not listed on the Annex to Executive Order 13224 and agrees not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at www.treasury.gov). FRANCHISEE is solely responsible for ascertaining the actions that must be taken to comply with such laws, orders and/or regulations. Notwithstanding the foregoing, unless any order issued by any federal, state or local authority requires closure of FRANCHISEE's SHOP, FRANCHISEE will not close the SHOP unless FRANCHISEE obtains FRANCHISOR's prior written consent.

Q. FRANCHISEE must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information ("Personal Information") in accordance with applicable laws and industry best practices. It is entirely FRANCHISEE'S responsibility (even if FRANCHISOR provides FRANCHISEE any assistance or guidance in that regard) to confirm that the safeguards FRANCHISEE uses to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. If FRANCHISEE becomes aware of a suspected or actual breach of security or unauthorized access involving Personal Information, FRANCHISEE will notify FRANCHISOR immediately and specify the extent to which Personal Information was compromised or disclosed. FRANCHISEE also agrees to follow FRANCHISOR's instructions regarding curative actions and public statements relating to the breach.

R. FRANCHISEE agrees to comply with FRANCHISOR's privacy policy on the Website it maintains for COUSINS SUBS Shops, as the privacy policy may be amended periodically; FRANCHISEE further agrees to comply with any requests to return or delete

customer personal information, whether requested by FRANCHISOR or directly by the customer, as required by applicable data sharing and privacy laws.

16. **FRANCHISOR'S OPERATIONS ASSISTANCE**.

A. Unless prohibited by applicable law, FRANCHISOR may from time to time set a maximum or minimum price that FRANCHISEE may charge for products and services offered for sale by the SHOP. If FRANCHISOR imposes a maximum price for any product or service, FRANCHISEE may charge any price for the product or service up to and including the maximum price FRANCHISOR imposes, but may not charge any price in excess of the maximum price set by FRANCHISOR. If FRANCHISOR imposes a minimum price for any product or service, FRANCHISEE may charge any price for the product or service down to and including the minimum price FRANCHISOR imposes but may not charge any price below the minimum price set by FRANCHISOR. For any product or service for which FRANCHISOR does not impose a maximum or minimum price, FRANCHISOR may require FRANCHISEE to comply with an advertising policy adopted by FRANCHISOR which will prohibit FRANCHISEE from advertising any price for a product or service that is different than FRANCHISOR'S suggested retail price. Although FRANCHISEE must comply with any advertising policy FRANCHISOR adopts, FRANCHISEE will not be prohibited from selling any product or service at a price above or below the suggested retail price unless FRANCHISOR imposes a maximum price or minimum price for such product or service.

B. Upon commencement of operation of the SHOP, and during the term of this Agreement and any renewal period thereof, the FRANCHISOR shall:

1. Provide to FRANCHISEE a comprehensive list of established sources of equipment, foods, supplies and containers necessary for the operation of the SHOP and specifications for such products;

2. Coordinate product distribution for local, regional and national suppliers; and

3. Regulate quality standards and products throughout the network of COUSINS SUBS Shops restaurants.

C. FRANCHISOR shall advise FRANCHISEE of problems arising out of the operation of the SHOP as disclosed by reports submitted to FRANCHISOR by FRANCHISEE or by inspections conducted by FRANCHISOR of the SHOP. FRANCHISOR may furnish FRANCHISEE with such assistance in connection with the operation of the SHOP as is reasonably determined to be necessary by FRANCHISOR from time to time. Operations assistance may consist of advice and guidance with respect to:

1. Proper utilization of procedures developed by a COUSINS SUBS Shop with respect to services regarding the service and sale of sandwiches and other food and menu items, and related items and materials as approved by FRANCHISOR;

2. Additional products and services authorized for COUSINS SUBS Shops;

3. Purchase of ingredients and other food and beverage items, materials and supplies;

4. The institution of proper administrative, bookkeeping, accounting, inventory control, supervisory and general operating procedures for the effective operation of a COUSINS SUBS Shop; and

5. Advertising and promotional programs.

D. FRANCHISOR shall make periodic visits to the SHOP for the purposes of consultation, assistance, and guidance of FRANCHISEE in all aspects of the operation and management of the SHOP and will prepare, for the benefit of FRANCHISEE, written reports in respect to such visits outlining any suggested changes or improvements in the operations of the SHOP and detailing any defaults in such operations which become evident as a result of any such visit, and a copy of each such written report shall be provided to FRANCHISEE. Notwithstanding the foregoing, FRANCHISOR will not be required to send any of its representatives to FRANCHISEE's SHOP to provide consultation, assistance, guidance, or training (including the training described in Section 7.D of this Agreement) if, in FRANCHISOR's sole determination, it is unsafe to do so. Such determination by FRANCHISOR will not relieve FRANCHISEE from its obligations under this Agreement (including, without limitation, to pay monies owed) and will not serve as a basis for FRANCHISEE's termination of this Agreement.

E. All of the specifications, approved manufacturers, distributors and suppliers lists, approved merchandise, products, materials and supplier lists, training and Operations Manuals to be provided by FRANCHISOR to FRANCHISEE pursuant to this Agreement shall be delivered within a reasonable time after execution of this Agreement.

17. **INSURANCE**.

During the term of this Agreement, FRANCHISEE must maintain in force at FRANCHISEE's sole expense comprehensive commercial general liability, product liability, and property insurance and other types of insurance FRANCHISOR requires. The liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with the SHOP's operation or activities of FRANCHISEE's personnel in the course of their employment (within and without the SHOP's premises). All of these policies must contain the minimum coverage FRANCHISOR prescribes from time to time, and must have deductibles not to exceed the amounts FRANCHISOR specifies. FRANCHISOR may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must be purchased from an insurance company satisfactory to FRANCHISOR and each liability coverage policy must name FRANCHISOR and any affiliates FRANCHISOR designates as additional named insureds, using a form of endorsement that FRANCHISOR has approved. All insurance policies must

provide for thirty (30) days' prior written notice to FRANCHISOR of a policy's material modification, cancellation or expiration. Each insurance policy must contain a waiver of all subrogation rights against FRANCHISOR, FRANCHISOR's affiliates and their successors and assigns. FRANCHISEE routinely must furnish FRANCHISOR copies of FRANCHISEE's Certificates of Insurance or other evidence of FRANCHISEE maintaining this insurance coverage and paying premiums. If FRANCHISEE fails or refuses to obtain and maintain the insurance FRANCHISOR specifies, in addition to FRANCHISOR's other remedies including without limitation termination, FRANCHISOR may (but need not) obtain such insurance for FRANCHISEE and the SHOP on FRANCHISEE's behalf, in which event FRANCHISEE shall cooperate with FRANCHISOR and reimburse FRANCHISOR for all premiums, costs and expenses FRANCHISOR incurs in obtaining and maintaining the insurance, plus a reasonable fee for FRANCHISOR's time incurred in obtaining such insurance.

FRANCHISOR'S requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for the SHOP. Such requirements represent only the minimum coverage that the FRANCHISOR deems acceptable to protect the FRANCHISOR's interests. It is the sole responsibility of FRANCHISEE to obtain insurance coverage for the SHOP that the FRANCHISEE deems appropriate, based on its own independent inquiry. FRANCHISOR is not responsible for losses sustained by FRANCHISEE that exceed the insurance coverage under any circumstances. Additionally, no insurance coverage that FRANCHISEE or any other party maintains will be deemed a substitute for FRANCHISEE's obligations to indemnify FRANCHISOR or its affiliates under Section 23.

18. **COVENANTS**.

A. FRANCHISOR has entered into this Agreement with FRANCHISEE on the condition that FRANCHISEE will deal exclusively with FRANCHISOR. FRANCHISEE acknowledges and agrees that FRANCHISOR would be unable to encourage a free exchange of ideas and information among Franchisees and FRANCHISOR if Franchisees were permitted to hold interests in any Competitive Businesses. FRANCHISEE and its owners therefore agree that during the term hereof, neither FRANCHISEE nor its owners nor any member of his or their immediate families shall have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, assist or perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, lease or sublease any property to a Competitive Business, directly or indirectly appropriate, use or duplicate the System or System standards, or any portion thereof, for use in any other business endeavor, or otherwise engage in the offer or sale of submarine/hero and deli sandwiches, except in connection with its operation of COUSINS SUBS Shops under franchise agreements with FRANCHISOR.

(a) The term "Competitive Business" as used in this Agreement shall mean any business operating or granting franchises or licenses to others to operate any restaurant which specializes in the sale of submarine/hero and deli sandwiches (excluding COUSINS SUBS Shops operated under franchise agreements with FRANCHISOR) or any similar

business, including, without limitation, any fast food type restaurant, which engages in the sale of submarine/hero and deli sandwiches or similar menu item.

(b) The above provisions relating to an interest in a Competitive Business do not apply to ownership by FRANCHISEE of outstanding securities of any corporation whose securities are publicly held and traded, provided that said securities are held by FRANCHISEE for investment purposes only and that FRANCHISEE's total holdings do not constitute more than two (2%) of the outstanding securities of said corporation.

B. FRANCHISEE further covenants that during the term of this Agreement and any extensions or renewals hereof, and for a period of two (2) years commencing on the effective date of termination or expiration or the date on which FRANCHISEE and its owners begin to comply with this Section, whichever is later, neither FRANCHISEE nor its owners shall not divert or attempt to divert any business of or any customers of the SHOP to any Competitive Business, by direct or indirect inducement, or do or perform directly or indirectly, any other act injurious or prejudicial to the goodwill associated with FRANCHISOR's Marks and the System, or in any way negligently or intentionally interfere with the business or prospective business of FRANCHISOR.

C. Upon termination of this Agreement by FRANCHISOR in accordance with its terms and conditions or by FRANCHISEE without cause or upon expiration of this Agreement, FRANCHISEE and its owners agree that, for a period of two (2) years commencing on the effective date of termination or expiration or the date on which FRANCHISEE and its owners begin to comply with this Section, whichever is later, neither FRANCHISEE nor its owners nor any member of his or their immediate families shall, within FRANCHISEE's Market Area, within a ten (10) mile radius of any COUSINS SUBS Shop in operation or under construction as of the termination or expiration date or the date on which FRANCHISEE and its owners begin to comply with this Section, have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, assist or perform services as a director, officer, manager, employee, consultant, representative or agent in a Competitive Business, lease or sublease any property to a Competitive Business, or otherwise engage in the offer or sale of submarine/hero and deli sandwiches, except in connection with its operation of COUSINS SUBS Shops under franchise agreements with FRANCHISOR. The restrictions of this Paragraph shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent two percent (2%) or less of the number of shares of that class of securities issued and outstanding. FRANCHISEE (and its owners) expressly acknowledges that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Paragraph will not deprive them of their personal goodwill or ability to earn a living. To the extent that this subparagraph is deemed unenforceable by virtue of its scope in terms of area or length of time, but may be made enforceable by reduction of either or both thereof, FRANCHISEE and FRANCHISOR agree that the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.

D. FRANCHISOR shall have the right to require all of FRANCHISEE's personnel performing managerial or supervisory functions, all personnel receiving special training from

FRANCHISOR and all other personnel with access to confidential information to execute similar covenants in a form satisfactory to FRANCHISOR.

E. FRANCHISEE specifically acknowledges that, pursuant to this Agreement, FRANCHISEE will receive valuable training and confidential information, including, without limitation, information regarding the promotional, operational, sales, and marketing methods and techniques of FRANCHISOR and the System. FRANCHISEE covenants that it will maintain the absolute confidentiality of all such proprietary information during and after the term of the franchise and that it will not use any such information in any other business or in any manner not specifically authorized or approved in writing by FRANCHISOR.

19. **DEFAULT AND TERMINATION**.

A. If FRANCHISEE is in substantial compliance with this Agreement and FRANCHISOR materially breaches this Agreement and fails to cure such breach within a reasonable time after written notice thereof is delivered to FRANCHISOR, FRANCHISEE may terminate this Agreement. Such termination shall be effective thirty (30) days after delivery to FRANCHISOR of written notice that such breach has not been cured and FRANCHISEE elects to terminate this Agreement. A termination of this Agreement by FRANCHISEE for any reason other than breach of this Agreement by FRANCHISOR and FRANCHISOR's failure to cure such breach within a reasonable time after receipt of written notice thereof shall be deemed a termination by FRANCHISEE without cause.

B. This Agreement shall terminate automatically upon delivery of notice of termination to FRANCHISEE, if FRANCHISEE or any of its owner(s), officer(s), or key employee(s):

1. Fails to develop, decorate, equip or open the SHOP as provided in Section 4 hereof, or fails to complete the training program to FRANCHISOR's satisfaction as provided in Section 7 of this Agreement;

2. Has made any material misrepresentation or omission in his or her application for the franchise or in any report, claim, request for reimbursement, or other similar document submitted to FRANCHISOR;

3. Is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of FRANCHISEE or COUSINS SUBS Shops;

4. Makes any unauthorized use, disclosure or duplication of any portion of the Confidential Operations Manual or duplicates or discloses or makes any unauthorized use of any trade secret or Confidential Information provided to FRANCHISEE by FRANCHISOR;

5. Abandons or fails or refuses to actively operate the SHOP for two (2) business days in any twelve (12) month period, unless the SHOP has been closed for a

purpose approved by FRANCHISOR, or fails to relocate to an approved premises within an approved period of time following expiration or termination of the lease for the premises of the SHOP;

6. Surrenders or transfers control of the operation of the SHOP, makes an unauthorized direct or indirect assignment of the franchise or an ownership interest in FRANCHISEE or fails or refuses to assign the franchise or the interest in FRANCHISEE of a deceased or disabled controlling owner thereof as herein required;

7. Submits to FRANCHISOR on two (2) or more separate occasions at any time during the term of the franchise any reports or other data, information or supporting records which understate by more than three percent (3%) the Continuing Service Fee for any period of, or periods aggregating, three (3) or more weeks, and FRANCHISEE is unable to demonstrate that such understatements resulted from inadvertent error;

8. Becomes insolvent by reason of an inability to pay debts as they mature or makes an assignment for the benefit of creditors or an admission of an inability to pay obligations as they become due;

9. Materially misuses or makes an unauthorized use of any Marks or commits any act which can reasonably be expected to materially impair the goodwill associated with any Marks;

10. Fails on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not FRANCHISOR notifies FRANCHISEE (or its owners, officers, or key employees) of the failures and, if such notification is given, whether or not those failures are corrected after FRANCHISOR delivers written notice to FRANCHISEE (or its owners, officers, or key employees); or fails on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, whether or not FRANCHISOR notifies FRANCHISEE (or its owners, officers, or key employees) of the failures and, if such notification is given, whether or not those failures are corrected after FRANCHISOR delivers written notice to FRANCHISEE (or its owners, officers, or key employees);

11. Violates any health, safety or sanitation law, ordinance or regulation or operates the SHOP in a manner that presents a health or safety hazard to its customers or the public and does not begin to cure the violation immediately and correct the violation within seventy-two (72) hours after receiving notice of such violation from FRANCHISOR or any other party, regardless of any longer period of time that any governmental authority or agency may have given FRANCHISEE to cure such violation

12. FRANCHISEE creates or allows to exist any condition in or at the SHOP, or in connection with the operation of the SHOP, that FRANCHISOR reasonably determines to present an immediate health or safety concern for the SHOP customers or employees;

13. FRANCHISEE or any of its owners or affiliates fails to pay any third-party, including the lessor of the premises of the SHOP, any amounts owed in connection with the SHOP when due, and FRANCHISEE does not cure such failure within any applicable cure period granted by such third-party; or

14. Made a misrepresentation in, or fails to comply with, Section 15.P. hereof.

C. This Agreement shall terminate upon written notice to FRANCHISEE if:

1. FRANCHISEE or any of its owners fails or refuses to make payments of any amounts due to FRANCHISOR or its affiliates for Continuing Service Fees, advertising contributions, purchases from FRANCHISOR, its affiliates, suppliers, or vendors, or any other amounts due to FRANCHISOR or its affiliates, and does not correct such failure or refusal within ten (10) business days after written notice of such failure is delivered to FRANCHISEE;

2. FRANCHISEE or any of its affiliates or owners fail to comply with any other agreement with FRANCHISOR or its affiliates and do not correct such failure within the applicable cure period, if any; or

3. FRANCHISEE or any of its owners fails or refuses to comply with any other provision of this Agreement, or any specification, standard or operating procedure prescribed in the Confidential Operations Manual or otherwise in writing, and does not correct such failure within thirty (30) days (or provide proof acceptable to FRANCHISOR that he has made all reasonable efforts to correct such failure and will continue to make all reasonable efforts to cure until a cure is effected if such failure cannot reasonably be corrected within thirty (30) days) after written notice of such failure to comply is delivered to FRANCHISEE.

D. To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal or the like other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable law, not be effective, and FRANCHISOR shall comply with applicable law in connection with each of these matters.

E. In addition to FRANCHISOR's right to terminate this Agreement, and not in lieu of such right or any other rights against FRANCHISEE, FRANCHISOR, in the event that FRANCHISEE shall not have cured a default under this Agreement within the twenty (20) business days after receipt of the written notice thereof from FRANCHISOR, may, at its option, enter upon the premises of the SHOP and exercise complete authority with respect to the operation of the SHOP until such time as FRANCHISOR determines that the default of FRANCHISEE has been cured and that there is compliance with the requirements of this Agreement. FRANCHISEE specifically agrees that a designated representative of FRANCHISOR may take over, control, and operate the SHOP, and that FRANCHISEE shall pay FRANCHISOR a shop service fee of not less

than Four Hundred Dollars ($400.00) per day plus all travel expenses, room and board and other expenses reasonably incurred by such representative so long as it shall be required by the representative to enforce compliance herewith. FRANCHISEE further agrees that if, as herein provided, FRANCHISOR temporarily operates for FRANCHISEE the SHOP, FRANCHISEE agrees to indemnify and hold harmless FRANCHISOR and any representative of FRANCHISOR who may act hereunder, respecting any and all acts and omissions which FRANCHISOR may perform, or fail to perform as regards the interests of FRANCHISEE or third parties.

F. If this Agreement is terminated because of FRANCHISEE's default, or if it is terminated by FRANCHISEE prior to its expiration without cause, the parties agree that it would be difficult if not impossible to determine the amount of damages that FRANCHISOR would suffer due to the loss or interruption of the revenue stream FRANCHISOR otherwise would have derived from FRANCHISEE's continued payment of Continuing Service Fees and that the Advertising and Development Fund and local or regional advertising cooperatives otherwise would have derived from your continued contributions to those funds, less any cost savings, through the remainder of the term until the scheduled expiration date ("Damages"). Therefore, the parties agree that a reasonable estimate of the Damages is, and FRANCHISEE agrees to pay FRANCHISOR as compensation for the Damages, an amount equal to the then net present value of the Continuing Service Fees, Fund contributions, and cooperative local or regional advertising fees that would have become due from the date of termination to the scheduled expiration date of this Agreement. For this purpose, Damages shall be calculated based on gross sales of the SHOP for the twelve (12) months preceding the termination date. If FRANCHISEE has not operated the SHOP for at least twelve (12) months preceding the termination date, Damages will be calculated based on the average monthly gross sales of all COUSINS SUBS Shops during FRANCHISOR's last fiscal year. FRANCHISEE and FRANCHISOR agree that the calculation described in this Section is a calculation only of the Damages and that nothing herein shall preclude or limit FRANCHISOR from proving and recovering any other damages caused by FRANCHISEE's breach of the Agreement.

20. **RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION**.

Upon termination or expiration, this Agreement and all rights granted hereunder to FRANCHISEE shall forthwith terminate, and:

A. FRANCHISEE shall immediately cease to operate the SHOP under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of FRANCHISOR.

B. Upon demand by FRANCHISOR, FRANCHISEE shall assign to FRANCHISOR FRANCHISEE's interest in any lease then in effect for the SHOP premises and FRANCHISEE shall furnish FRANCHISOR with evidence satisfactory to FRANCHISOR of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

C. FRANCHISEE shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any confidential methods, procedures, and techniques associated with

the System; the Marks and distinctive forms, slogans, signs, symbols, logos, or devices associated with the System. In particular, FRANCHISEE shall cease to use, without limitation, all signs, advertising materials, stationery, forms, and any other articles which display the Marks associated with the System.

D. FRANCHISEE shall take such action as may be necessary to assign to FRANCHISOR or FRANCHISOR's designee any assumed name rights or equivalent registration filed with state, city, or county authorities which contains the name "COUSINS," "COUSINS SUBS" or "COUSINS SUBMARINES" or any other service mark or trademark of FRANCHISOR, and FRANCHISEE shall furnish FRANCHISOR with evidence satisfactory to FRANCHISOR of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

E. FRANCHISEE agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks 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 FRANCHISOR's exclusive rights in and to the Marks and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with FRANCHISOR so as to constitute unfair competition. FRANCHISEE shall make such modifications or alterations to the interior and exterior of the premises operated hereunder immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between FRANCHISOR or the System and any business thereon subsequently operated by FRANCHISEE or others, and shall make such specific additional changes thereto as FRANCHISOR may reasonably request for that purpose, including, without limitation, removal of all distinctive physical and structural features identifying the System and modifications to the food preparation area of the SHOP to distinguish it from a COUSINS SUBS Shop. In the event FRANCHISEE fails or refuses to comply with the requirements of this Section 20, FRANCHISOR shall have the right to enter upon the premises of the SHOP, 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 the expense of FRANCHISEE, which expense FRANCHISEE agrees to pay upon demand.

F. FRANCHISEE shall promptly pay all sums owing to FRANCHISOR. In the event of termination for any default of FRANCHISEE or termination without cause by FRANCHISEE, such sums shall include all damages (which may include lost future continuing service fees), costs, and expenses, including reasonable attorneys' fees, incurred by FRANCHISOR as a result of the default.

G. FRANCHISEE shall pay to FRANCHISOR all damages, costs and expenses, including reasonable attorneys' fees, incurred by FRANCHISOR subsequent to the termination or expiration of the franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions of this Section 20 or Section 18.

H. FRANCHISEE shall immediately turn over to FRANCHISOR all manuals, including the Confidential Operations Manual, customer lists, records, files, instructions,

brochures, agreements, disclosure statements, and any and all other materials provided by FRANCHISOR to FRANCHISEE or which contain FRANCHISOR's Confidential Information relating to the operation of the SHOP (all of which are acknowledged to be FRANCHISOR's property).

I. FRANCHISOR shall have the right, title and interest to the menu board and any sign or sign faces bearing the Marks. FRANCHISEE hereby acknowledges FRANCHISOR's right to access the premises of the SHOP should FRANCHISOR elect to take possession of any said menu board, sign or sign faces bearing the Marks.

J. FRANCHISOR shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase, for cash any or all equipment, supplies, and other inventory, advertising materials, all items bearing the Marks, and the assets of any commissary or bakery owned by FRANCHISEE, at fair market value. If the parties cannot agree on fair market value within a reasonable time, an independent appraiser acceptable to FRANCHISEE shall be designated by FRANCHISOR, and his determination shall be binding. In determining fair market value, the parties shall not take into consideration the goodwill associated with the Marks. If FRANCHISOR elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from FRANCHISEE under this Agreement, and the cost of the appraisal, if any, against any payment therefor.

K. FRANCHISEE hereby acknowledges that all telephone numbers used in the operation of the SHOP constitute assets of the SHOP and will be used solely to identify the SHOP in accordance with this Agreement; and upon termination or expiration of this Agreement FRANCHISEE shall assign to FRANCHISOR or its designee, all FRANCHISEE's right, title, and interest in and to FRANCHISEE's telephone numbers and shall notify the telephone company and all listing agencies of the termination or expiration of FRANCHISEE's right to use any telephone number and any regular, classified or other telephone directory listing associated with the Marks and to authorize a transfer of same to or at the direction of FRANCHISOR.

L. FRANCHISEE shall immediately (i) cease using or operating any Online Presence related to the SHOP or the Marks, and (ii) take any action as may be required to disable such Online Presence, or transfer exclusive control and access of such Online Presence to FRANCHISOR, as FRANCHISOR determines in its sole discretion.

M. FRANCHISEE shall comply with the covenants contained in Section 18 of this Agreement.

N. FRANCHISEE shall comply with all other System standards FRANCHISOR periodically establishes (and all applicable law) in connection with the closure and de-identification of the SHOP, including as relates to disposing of Personal Information, in any form, in FRANCHISEE's possession or the possession of FRANCHISEE's employees.

21. **TRANSFERABILITY OF INTEREST**.

A. **BY FRANCHISOR/DELEGATION OF DUTIES**.

This Agreement is fully assignable by FRANCHISOR and shall inure to the benefit of any assignee or other legal successor to the interests of FRANCHISOR herein. From time to time, FRANCHISOR shall have the right to delegate the performance of any or all of its obligations and duties hereunder to third parties, whether the same are agents of FRANCHISOR or independent contractors which FRANCHISOR has contracted with to provide such services. FRANCHISEE agrees in advance to any such delegation by FRANCHISOR of any portion or all of its rights and obligations hereunder.

B. **FRANCHISEE MAY NOT ASSIGN WITHOUT CONSENT OF FRANCHISOR**.

The rights granted hereunder are personal to FRANCHISEE. Accordingly, neither this Agreement, the SHOP owned by FRANCHISEE nor any part of the ownership of FRANCHISEE may be assigned or transferred by FRANCHISEE or its owner without the prior written consent of FRANCHISOR, and any such assignment or transfer, or attempted assignment or transfer, without such consent shall constitute a breach hereof and convey no rights to or interests in this Agreement, the SHOP owned by FRANCHISEE or the ownership of FRANCHISEE.

As used in this Agreement, the term "transfer" shall mean and include the voluntary, involuntary, direct or indirect assignment, sale, gift, pledge or other transfer by FRANCHISEE or its owners of any interest in any of: (1) this Agreement; (2) the ownership of FRANCHISEE, (3) the SHOP owned by FRANCHISEE, or (4) substantially all of the assets of the SHOP. An assignment, sale or other transfer shall include the following events: (1) the transfer of ownership of capital stock, voting stock (or security convertible to voting stock) or partnership interest; (2) merger or consolidation or issuance of additional securities representing an ownership interest in FRANCHISEE; (3) transfer of an interest in FRANCHISEE, this Agreement or the SHOP owned by FRANCHISEE in a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; or (4) transfer of an interest in this Agreement, the SHOP owned by FRANCHISEE or an ownership interest of FRANCHISEE in the event of the death of FRANCHISEE or an owner of FRANCHISEE, by will, declaration of or transfer in trust, or under the laws of intestate succession.

If FRANCHISEE intends to list its SHOP for sale with any broker or agent, FRANCHISEE shall do so only after obtaining FRANCHISOR'S written approval of the broker or agent and of the listing agreement. FRANCHISEE may not use or authorize the use of any Mark in advertising the transfer or other disposition of FRANCHISEE'S SHOP or of any ownership in FRANCHISEE without FRANCHISOR'S prior written consent. FRANCHISEE shall not use or authorize the use of, and no third party shall on its behalf use, any written materials to advertise or promote the transfer of FRANCHISEE'S SHOP or of any ownership interest in FRANCHISEE without FRANCHISOR'S prior written approval of such materials.

C. **CONDITIONS FOR CONSENT TO ASSIGNMENT**.

FRANCHISEE acknowledges and agrees that there may be no transfers before the SHOP has opened for business. If FRANCHISEE and its owners are in full compliance with this Agreement, FRANCHISOR shall not unreasonably withhold its consent to an assignment or transfer, provided that the proposed assignee and its owners are of good moral character who have sufficient business experience, aptitude and financial resources to perform the services required hereunder and otherwise meets FRANCHISOR's then applicable standards for the grant or acquisition of similar rights.

A transfer of ownership in the SHOP owned by FRANCHISEE may only be made in conjunction with a transfer of this Agreement or the controlling interest in FRANCHISEE, and further provided that if the transfer is of this Agreement or the SHOP owned by FRANCHISEE, or of a controlling interest in FRANCHISEE, or is one of a series of transfers which in the aggregate constitute the transfer of a controlling interest in this Agreement, the SHOP owned by FRANCHISEE, substantially all of the assets of the SHOP or FRANCHISEE, in addition to the conditions set forth above, all of the following conditions are met prior to, or concurrently with, the effective date of the assignment: (1) all information or documents FRANCHISOR requests regarding the proposed transfer, the proposed assignee, and its owners is provided to FRANCHISOR; (2) all obligations of FRANCHISEE and its owners incurred in connection with this Agreement have been assumed by the assignee and its owners; (3) FRANCHISEE shall have paid all amounts owed to FRANCHISOR; (4) the assignee shall have completed the training program required of new franchisees to FRANCHISOR's satisfaction; (5) the assignee and its owners shall execute and agree to be bound by the form of franchise agreement and any ancillary agreements as are then customarily used by FRANCHISOR in the grant of the rights described hereunder which franchise agreement shall provide for a term equal to the term then granted for such rights; (6) FRANCHISEE shall have paid the transfer of ownership fee to FRANCHISOR, which is the greater of (a) twenty percent (20%) of the then-current standard initial franchise fee (excluding any promotions or discounts) or (b) Five Thousand Dollars ($5,000); (7) the assignee shall present evidence satisfactory to FRANCHISOR that it has the right to remain in possession of the premises of the SHOP for the term of assignee's franchise agreement; (8) FRANCHISEE and its owners shall have executed a general release, in form satisfactory to FRANCHISOR, of any and all claims against FRANCHISOR and its affiliates, officers, directors, owners, employees and agents; (9) FRANCHISEE and its owners must abide by the post-termination covenant not to compete set forth in Section 18.C; and (10) assignee shall deposit with FRANCHISOR an advertising fee in an amount between Five Thousand Dollars ($5,000) and Ten Thousand Dollars ($10,000), as determined by FRANCHISOR, for the "Store Marketing Fee" for payment of advertising and promotion for the SHOP. If the proposed assignment is to or among owners of FRANCHISEE or to or among the immediate family members of FRANCHISEE, or an owner of FRANCHISEE, subparagraph (5) of the above requirements shall not apply.

In conjunction with FRANCHISOR's consideration of consenting to a proposed transfer, FRANCHISOR shall prepare an itemized written assessment of the need for refurbishing and/or remodeling of the SHOP (the "Remodeling Requirements") to conform with the then-existing standards and specifications for the décor of Cousins Subs Shops within the System. The

Remodeling Requirements shall be forwarded to FRANCHISEE/assignor and the proposed assignee. FRANCHISEE/assignor shall obtain a written cost estimate from reputable contractors to complete the Remodeling Requirements and such cost estimate shall be provided to FRANCHISOR and the proposed assignee. Completion of the Remodeling Requirements shall be FRANCHISEE's responsibility and shall be a condition of FRANCHISOR's final consent to a transfer contemplated in this Section. Funding for the Remodeling Requirements shall be the subject of negotiation and agreement by and between FRANCHISEE/assignor and the proposed assignee. The Remodeling Requirements shall be contemplated prior to the proposed transfer, unless otherwise agreed to between FRANCHISOR and FRANCHISEE.

FRANCHISOR shall not be obligated to consider giving its consent to any such transfer unless FRANCHISEE has requested such consent in writing and has provided to FRANCHISOR at least thirty (30) days in advance of the proposed transfer: FRANCHISEE's current financial statements; such other information (on such forms provided by FRANCHISOR) including, but not limited to, the proposed sales price and terms of payment; an application for a franchise completed by the proposed transferee (buyer) including personal financial statements of such proposed transferee (buyer) and the opportunity to conduct an in-person interview with such proposed transferee (buyer).

D. **ASSIGNMENT TO PARTNERSHIP, LIMITED LIABILITY COMPANY OR CORPORATION**.

If FRANCHISEE is in full compliance with this Agreement, FRANCHISOR will not unreasonably withhold its consent to a transfer to a partnership, limited liability company or corporation which conducts no business other than the performance of the rights granted hereunder and the ownership and operation of SHOP by FRANCHISEE (and other COUSINS SUBS Shops under franchise agreements with FRANCHISOR), which is actively managed by FRANCHISEE and in which FRANCHISEE owns and controls not less than fifty-one percent (51%) of the general partnership interest or the equity and voting power, provided that all partners, members or shareholders shall execute an agreement, in form acceptable to FRANCHISOR, undertaking to be bound jointly and severally by all provisions of this Agreement and all issued and outstanding stock certificates of such corporation or other evidence of ownership shall bear a legend reflecting or referring to the restrictions of this Section. FRANCHISOR shall not be obligated to consider giving its consent to any such transfer unless: (1) FRANCHISEE has requested such consent in writing and has submitted all information and documents requested by FRANCHISOR at least thirty (30) days in advance of the proposed transfer; and (2) FRANCHISEE agrees to reimburse FRANCHISOR for any direct costs incurred in connection with the documenting and processing of a transfer under this Section, including reasonable legal fees.

E. **FRANCHISOR RIGHT OF FIRST REFUSAL**.

If FRANCHISEE or its owners shall at any time determine to sell an interest in this Agreement, the SHOP owned by FRANCHISEE or an ownership interest in FRANCHISEE, FRANCHISEE or its owners shall obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to FRANCHISOR.

FRANCHISOR shall have the right, exercisable by written notice delivered to FRANCHISEE or its owners within thirty (30) days from the date of delivery of an exact copy of such offer to FRANCHISOR, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that FRANCHISOR credit shall be deemed equal to that of any proposed purchaser and FRANCHISOR shall be entitled to customary warranties, closing documents and post-closing indemnifications, may substitute cash for any form of payment proposed in such offer and shall have not less than sixty (60) days to prepare for closing. If FRANCHISOR does not exercise its right of first refusal, FRANCHISEE or its owners may complete the sale to such purchaser pursuant to and on the terms of such offer, subject to FRANCHISOR approval of the purchaser as provided in Paragraphs B and C of this Section; provided that if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to FRANCHISOR, or there is a material change in the terms of the sale, FRANCHISOR shall again have the right of first refusal herein provided.

F. **DEATH OR DISABILITY OF FRANCHISEE**.

Upon the death or permanent disability of FRANCHISEE or, if FRANCHISEE is a corporation, limited liability company or partnership, the owner of fifty percent (50%) or more of the partnership interest, equity or voting control of FRANCHISEE, the executor, administrator, conservator or other personal representative of such person shall assign this Agreement or such interest in FRANCHISEE to a third party approved by FRANCHISOR. Such disposition of such interest in FRANCHISEE (including, without limitation, transfers by bequest or inheritance except to immediate family members) shall be completed within a reasonable time, not to exceed twelve (12) months from the date of death or permanent disability, and shall be subject to all the terms and conditions applicable to assignments contained in Paragraph B of this Section. Failure to so dispose of this Agreement or such interest in FRANCHISEE within said period of time shall constitute a breach of this Agreement. Pending disposition, FRANCHISOR shall have the right to approve the management of the SHOP owned by FRANCHISEE.

G. **EFFECT OF CONSENT TO ASSIGNMENT**.

FRANCHISOR's consent to an assignment of this Agreement or any interest subject to the restrictions of this Section shall not constitute a waiver of any claims it may have against the assignor, nor shall it be deemed a waiver of FRANCHISOR's right to demand exact compliance with any of the terms or conditions of this Agreement by the assignee or by the assignor.

22. **ENFORCEMENT.**

A. **SECURITY INTEREST**.

As security for the performance of FRANCHISEE's obligations under this Agreement, including payments owed to FRANCHISOR for purchase by FRANCHISEE, FRANCHISEE grants FRANCHISOR a security interest in all of the assets of its SHOP, including but not limited to inventory, fixtures, furniture, equipment, accounts, customer lists, supplies, contracts, cash derived from the operation of the SHOP and sale of other assets, and proceeds and products of all those assets. FRANCHISEE agrees to execute such other documents as FRANCHISOR may

reasonably request in order to further document, perfect and record FRANCHISOR's security interest. If FRANCHISEE defaults in any of its obligations under this Agreement, FRANCHISOR may exercise all rights of a secured creditor granted to FRANCHISOR by law, in addition to its other rights under this Agreement and at law. If a third party lender requires that FRANCHISOR subordinate its security interest in the assets of the SHOP as a condition to lending FRANCHISEE working capital for the operation of the SHOP, FRANCHISOR will agree to subordinate pursuant to terms and conditions determined by it.

B. **INJUNCTIVE RELIEF**.

FRANCHISOR may enforce by judicial process any provision of this Agreement, including its right to terminate this Agreement. FRANCHISEE and its affiliates, officers, directors, employees, and owners agree to entry without bond of temporary, preliminary and permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If FRANCHISOR secures any such injunctions or order of specific performance, FRANCHISEE further agrees to pay to FRANCHISOR an amount equal to the aggregate of its costs of obtaining any such relief including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages incurred by FRANCHISOR as a result of any breach. FRANCHISEE agrees that FRANCHISOR may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to FRANCHISOR at law or in equity.

C. **SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS**.

All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. To the extent that any covenant restricting ownership of a Competitive Business herein is deemed unenforceable by virtue of its scope in terms of area or length of time, but may be made enforceable by reductions of either or both thereof, FRANCHISEE and FRANCHISOR agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by FRANCHISOR is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure shall be modified to the extent required to be valid and enforceable. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions.

D. **WAIVER OF OBLIGATIONS**.

FRANCHISOR and FRANCHISEE may by written instrument unilaterally waive any obligation of or restriction upon the other under this Agreement. No acceptance by

FRANCHISOR of any payment by FRANCHISEE or any other person or entity and no failure, refusal or neglect of FRANCHISOR or FRANCHISEE to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder, including without limitation, any mandatory specification, standard or operating procedure, shall constitute a waiver of any provision of this Agreement.

E. **NO WAIVER BY FRANCHISEE**.

The following provision applies if FRANCHISEE or the franchise granted hereby are subject to the franchise registration or disclosure laws in Illinois, Indiana, Michigan, Minnesota, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by FRANCHISEE in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by FRANCHISOR, any franchise seller, or any other person acting on behalf of FRANCHISOR. This provision supersedes any other term of any document executed in connection with the franchise.

F. **FRANCHISEE MAY NOT WITHHOLD PAYMENTS DUE FRANCHISOR**.

FRANCHISEE agrees that it will not withhold payment of any amounts owed to FRANCHISOR, on grounds of the alleged nonperformance by FRANCHISOR of any of its obligations hereunder.

G. **RIGHTS OF PARTIES ARE CUMULATIVE**.

The rights of FRANCHISOR and FRANCHISEE hereunder are cumulative and no exercise or enforcement by FRANCHISOR or FRANCHISEE of any right or remedy hereunder shall preclude the exercise or enforcement by FRANCHISOR or FRANCHISEE of any other right or remedy hereunder or which FRANCHISOR or FRANCHISEE is entitled by law to enforce.

H. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**.

EXCEPT FOR FRANCHISEE'S OBLIGATION TO INDEMNIFY FRANCHISOR FOR THIRD PARTY CLAIMS UNDER SECTION 23, FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT. FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY EITHER OF THEM.

I. **LIMITATION OF CLAIMS AND CLASS ACTION BAR**.

1. Except for claims arising from FRANCHISEE's non-payment or underpayment of amounts FRANCHISEE owes FRANCHISOR, any and all claims arising out of or relating to this Agreement or the relationship of FRANCHISEE and FRANCHISOR will be barred unless an action or proceeding is commenced in accordance with this Agreement within one (1) year from the date the party asserting the claim knew or should have known of the facts giving rise to such claims.

2. FRANCHISOR and FRANCHISEE agree that any proceeding will be conducted on an individual basis, and that any proceeding between FRANCHISOR and any of its affiliates, and FRANCHISEE or its owners may not be: (i) conducted on a class-wide basis, (ii) consolidated with another proceeding between FRANCHISOR and any other person or entity, nor may any claims of another party or parties be joined with any claims asserted in any action or proceeding between FRANCHISOR and FRANCHISEE, (iii) joined with any claim of an unaffiliated third-party, or (iv) brought on FRANCHISEE's behalf by any association or agency. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

J. **COSTS AND ATTORNEYS' FEES**.

If either party initiates a judicial or other proceeding, the party prevailing in such proceeding shall be entitled to reimbursement of its costs and expenses, including reasonable attorneys' fees.

K. **GOVERNING LAW/CONSENT TO JURISDICTION**.

This Agreement and the Franchise shall be governed by the internal laws of the state of Wisconsin, without regard to conflict of laws rules, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) and except that the provisions of the Wisconsin Franchise Investment Law and the Wisconsin Fair Dealership Law shall not apply unless its jurisdictional requirements are met independently without reference to this Section. **SUBJECT TO THE PROVISIONS BELOW, FRANCHISOR AND FRANCHISEE (AND EACH OWNER) AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN THE PARTIES MUST BE COMMENCED IN THE STATE OR FEDERAL COURT IN OR NEAREST MENOMONEE FALLS, WISCONSIN. FRANCHISOR AND FRANCHISEE (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS.**

L. **BINDING EFFECT**.

This Agreement is binding upon the parties hereto and their respective heirs, assigns and successors in interest.

M. **SURVIVAL**.

All of FRANCHISEE'S (and its owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination until they are satisfied in full or by their nature expire.

N. **CONSTRUCTION**.

The preambles are a part of this Agreement which, together with the System standards, constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between FRANCHISOR and FRANCHISEE relating to the subject matter of this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations FRANCHISOR made in the franchise disclosure document that FRANCHISOR furnished to FRANCHISEE. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs. The term "FRANCHISEE" as used herein is applicable to one or more persons, a corporation, limited liability company or a partnership, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If FRANCHISEE is a corporation, limited liability company, partnership or other legal entity, references to "FRANCHISEE" shall mean the owner or owners of FRANCHISEE. References to "owner" mean any person holding a direct or indirect ownership interest (whether of record or beneficially) or voting rights in FRANCHISEE (or a transferee of this Agreement and the SHOP or an ownership interest in FRANCHISEE), including, without limitation, any person who has a direct or indirect interest in FRANCHISEE (or a transferee), this Agreement, the franchise, or the SHOP and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. References to "immediate family" as used herein shall mean parents, spouses, offspring and siblings, and the parents, offspring and siblings of spouses. FRANCHISEE agrees that whenever this Agreement allows or requires FRANCHISOR to take actions or make decisions, FRANCHISOR may do so in its sole and unfettered discretion, even if FRANCHISEE believes FRANCHISOR's action or decision is unreasonable, unless the Agreement expressly and specifically requires that FRANCHISOR act reasonably or refrain from acting unreasonably in connection with the particular action or decision. All amounts payable by FRANCHISEE or its owners to FRANCHISOR or its affiliates must be in United States Dollars.

23. **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION**.

It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that the parties are independent contractors and that FRANCHISOR appoints FRANCHISEE as its special agent for a particular purpose and that

nothing in this Agreement is intended to make either party a general agent, subsidiary, joint venturer, partner, employee or servant of the other for any purpose.

FRANCHISEE shall conspicuously identify itself at the premises of its business and in all dealings with FRANCHISEES, prospective FRANCHISEES, lessors, contractors, suppliers, public officials and others as the owner of its own business under a Franchise Agreement with FRANCHISOR, and shall place such other notices of independent ownership on such signs, forms, stationery, advertising and other materials as FRANCHISOR may require from time to time.

FRANCHISEE shall not employ any Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation or any other manner without the prior written consent of FRANCHISOR, or employ any Mark in a manner that is likely to result in liability of FRANCHISOR for any indebtedness or obligation of FRANCHISEE.

Neither FRANCHISOR nor FRANCHISEE shall make any express or implied agreements, guaranties or representations, or incur any debt, in the name of or on behalf of the other or represent that their relationship is other than franchisor and special agent, and neither FRANCHISOR nor FRANCHISEE shall be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized hereunder, nor shall FRANCHISOR be obligated for any damages to any person or property directly or indirectly arising out of the operation of the business, whether or not caused by FRANCHISEE's negligent or willful action or failure to act.

FRANCHISEE acknowledges and agrees that FRANCHISEE is solely responsible for all decisions relating to employees, agents, and independent contractors that FRANCHISEE may hire to assist in the operation of its SHOP. FRANCHISEE agrees that any employee, agent or independent contractor that FRANCHISEE hires will be its employee, agent or independent contractor, and not FRANCHISOR's employee, agent or independent contractor. FRANCHISEE also agrees that it is exclusively responsible for the terms and conditions of employment of FRANCHISEE's employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. FRANCHISEE agrees to manage the employment functions of its SHOP in compliance with federal, state, and local employment laws.

FRANCHISEE agrees to indemnify and hold FRANCHISOR and its subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents and assignees harmless against, and to reimburse them for, any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with FRANCHISEE's activities hereunder. FRANCHISOR and each such other indemnified party may, in its discretion and at FRANCHISEE's expense, control the defense of any claim against it (including choosing and retaining its own legal counsel), agree to settlements of claims against it, and take any other remedial, corrective, or other actions in response to such claims. This indemnity shall continue in

full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

24. **NOTICES**.

All written notices and reports permitted or required to be delivered by the provisions of this Agreement or the Confidential Operations Manual shall be deemed so delivered at the time delivered by hand, at the time delivered via computer transmission, one (1) business day after being placed in the hands of a commercial courier service or United States Postal Service for overnight delivery or three (3) days after placed in the Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid. Any notice must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified or to FRANCHISEE at the SHOP.

25. **COUNTERPARTS**.

This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The parties agree that scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

[*signature page follows*]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement the day and year first above written.

ATTEST:	**COUSINS SUBS SYSTEMS, INC**.
_____	By: _____ Title: _____
ATTEST:	**FRANCHISEE**:
_____	_____
_____	_____

OWNER'S GUARANTY AND ASSUMPTION OF
FRANCHISEE OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (as amended, modified, restated or supplemented from time to time, the "Agreement") by COUSINS SUBS SYSTEMS, INC. ("COMPANY"), each of the undersigned ("GUARANTORS") hereby personally and unconditionally (1) guarantees to COMPANY and its affiliates and their successors and assigns, for the term and any renewal terms of the Agreement and thereafter as provided in the Agreement, that _____

_____

("FRANCHISEE") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each GUARANTOR waives:

1. acceptance and notice of acceptance by COMPANY and its affiliates of the foregoing undertakings;

2. notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;

3. protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

4. any right GUARANTOR may have to require that an action be brought against FRANCHISEE or any other person as a condition of liability;

5. all rights to payments and claims for reimbursement or subrogation which GUARANTOR may have against FRANCHISEE arising as a result of GUARANTOR'S execution of and performance of this Guaranty; and

6. any and all other notices and legal or equitable defenses to which GUARANTOR may be entitled.

Each GUARANTOR consents and agrees that:

1. GUARANTOR'S liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, FRANCHISEE and the other owners of FRANCHISEE;

2. Each GUARANTOR that is a business entity, retirement or investment account, or trust acknowledges and agrees that if FRANCHISEE (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by

such GUARANTOR (or on such GUARANTOR's account) to its owners, accountholders or beneficiaries, for so long as such delinquency exists, subject to applicable law;

3. GUARANTOR shall render any payment or performance required under the Agreement upon demand if FRANCHISEE fails or refuses punctually to do so;

4. COMPANY may proceed against GUARANTOR and FRANCHISEE jointly and severally, or COMPANY may, at its option, proceed against GUARANTOR, without having commenced any action, having obtained any judgment against or having pursued any other remedy against, FRANCHISEE or any other person. GUARANTOR hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed;

5. such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which COMPANY or its affiliates may from time to time grant to FRANCHISEE or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement;

6. This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to FRANCHISEE or any assignee or successor of FRANCHISEE or by any abandonment of the Agreement by a trustee of FRANCHISEE. Neither the GUARANTOR's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of FRANCHISEE or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

7. GUARANTORS shall be bound by the restrictive covenants and confidentiality provisions contained in Article 17 of the Agreement and the indemnification provision contained in Article 22 of the of the Agreement; and

8. GUARANTOR agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against GUARANTOR.

Each GUARANTOR represents and warrants that, if no signature appears below for such GUARANTOR'S spouse, such GUARANTOR is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

The provisions contained in Section 22.J (Costs and Attorneys' Fees) and Section 22.K (Governing Law/Consent to Jurisdiction) of the Agreement shall govern this Guaranty and any dispute between GUARANTORS and COMPANY, and such provisions are incorporated into this Guaranty by reference.

[*signature page follows*]

IN WITNESS WHEREOF, GUARANTORS have hereunto affixed their signature, under seal, on the same day and year as the Agreement was executed.

GUARANTOR(S)	**PERCENTAGE OF OWNERSHIP INTEREST IN FRANCHISEE**
By: _____	_____
Print Name: _____	_____
Address: _____	_____
_____	_____
Email: _____	_____
By: _____	_____
Print Name: _____	_____
Address: _____	_____
_____	_____
Email: _____	_____
By: _____	_____
Print Name: _____	_____
Address: _____	_____
_____	_____
Email: _____	_____
By: _____	_____
Print Name: _____	_____
Address: _____	_____
_____	_____
Email: _____	_____

The undersigned, as the spouse of GUARANTOR indicated below, acknowledges and consents to the guarantee given herein by his/her spouse.

_____	_____
Name of Guarantor	Name of Guarantor
_____	_____
Name of Guarantor's Spouse	Name of Guarantor's Spouse
_____	_____
Signature of Guarantor's Spouse	Signature of Guarantor's Spouse
_____	_____
Name of Guarantor	Name of Guarantor
_____	_____
Name of Guarantor's Spouse	Name of Guarantor's Spouse
_____	_____
Signature of Guarantor's Spouse	Signature of Guarantor's Spouse

EXHIBIT A
TECHNOLOGY FUND PROGRAM FEE SUMMARY

[To be attached once interior design and layout of the Shop is approved by FRANCHISOR]

COUSINS SUBS SYSTEMS, INC.	**FRANCHISEE**:
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT C

MULTI-UNIT DEVELOPMENT AGREEMENT

COUSINS SUBS SYSTEMS, INC.

MULTI-UNIT DEVELOPMENT AGREEMENT

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COUSINS SUBS SYSTEMS, INC.

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement, made this ____ day of _____, 20__ (this "Agreement"), by and between COUSINS SUBS SYSTEMS, INC., a Wisconsin corporation and having its principal place of business at N83 W13400 Leon Road, Menomonee Falls, Wisconsin, 53051 ("FRANCHISOR"), and _____

_____

_____

("DEVELOPER").

1. **PREAMBLES**.

FRANCHISOR and its affiliates have developed a method of preparing submarine/hero and deli sandwiches, certain designated bread and meat products and various other food products, and restaurants which specialize in the sale of such food items, and various other food products, featuring inside seating, carry-out and drive-up, services and operate with a uniform business format, specially designed equipment, methods, procedures, and designs (hereinafter the "System"), known as "COUSINS SUBS" Shops (the "SHOPS"). COUSINS SUBS Shops are operated by persons meeting FRANCHISOR's qualifications to whom FRANCHISOR has granted franchises ("Franchisees") and by FRANCHISOR's affiliate. FRANCHISOR or its affiliates owns, uses, promotes, and licenses certain trade and service marks and commercial symbols in connection with the operation of COUSINS SUBS Shops, including the marks "COUSINS SUBS," "COUSINS" and "COUSINS SUBMARINES" and such other marks as may be designated by FRANCHISOR from time to time (the "Marks").

DEVELOPER has applied for the right to develop a certain number of COUSINS SUBS Shops utilizing the Marks in specific geographic areas as set forth herein. FRANCHISOR desires to grant DEVELOPER the right to establish and operate such COUSINS SUBS Shops under the terms and conditions contained in this Agreement. Such application has been approved by FRANCHISOR in reliance upon all of the representations made therein including, without limitation, the ownership of DEVELOPER. DEVELOPER has read this Agreement, and FRANCHISOR's Franchise Disclosure Document, and has been given an opportunity to clarify any provisions that it did not understand.

2. **GRANT OF DEVELOPMENT RIGHTS**.

A. FRANCHISOR hereby grants to DEVELOPER or its Affiliate, upon the terms and conditions herein contained, the right to acquire franchises to develop and operate COUSINS SUBS Shops (the "Development Rights") using the Marks in the geographic areas described in Exhibit A attached hereto (the "Multi-Unit Areas"). The Development Rights must be exercised in strict compliance with the schedule set forth in Exhibit C (the "Development Schedule") and may only be exercised during the term of this Agreement. The Development Rights do not include

the right, and may not be exercised to acquire franchises for, Non-Traditional Venues unless we provide our separate prior written consent with respect to each such proposed Non-Traditional Venue. An "Affiliate" shall mean any legal entity that is controlled by DEVELOPER and meets FRANCHISOR's then current standards and requirements for Franchisees. For purposes of this definition, an entity shall be deemed to be controlled by DEVELOPER if and only during such time as: (1) DEVELOPER (or if an entity, the owners of DEVELOPER) owns not less than a majority of all ownership interest in such entity; (2) DEVELOPER has at least the percentage of voting power required under applicable law to authorize a merger, liquidation or transfer of substantially all of the assets of the entity and to control or determine any other vote or decision of the entity without the vote or approval of any other party; (3) if the entity is a partnership DEVELOPER is the sole general partner of a limited partnership or managing partner of a general partnership; and (4) if the entity is a manager-managed limited liability company, DEVELOPER is the managing member. No person or entity other than DEVELOPER or an Affiliate shall develop or open SHOPS under this Agreement without FRANCHISOR's prior written consent. A "Non-Traditional Venue" is (1) a major regional shopping mall, (2) any location in which foodservice is or may be provided by a master concessionaire, and (3) any location which is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility (for example, colleges/universities, convention centers, airports, hotels, sports facilities, theme parks, hospitals, transportation facilities and other similar captive market locations).

B. Except as set forth in Section 2.C below, FRANCHISOR and its affiliates shall not establish, nor shall any of them license any other party to establish, COUSINS SUBS Shops using the Marks anywhere within the Multi-Unit Areas as long as DEVELOPER fully complies with this Agreement.

C. The Development Rights are limited to the rights to acquire franchises in accordance with this Agreement as described in Section 2.A. The rights to develop SHOPS and to use the Marks and any copyrights, inventions, and patents owned by FRANCHISOR or its affiliates are granted only pursuant to individual franchise agreements, and DEVELOPER agrees that the Development Rights do not include any such rights. DEVELOPER acknowledges that FRANCHISOR grant rights only pursuant to the expressed provisions of written agreements and not in any other manner, including, without limitation, orally or by implication, innuendo, extension or extrapolation. Similarly, FRANCHISOR and its affiliates are not precluded from engaging in any act or enterprise unless FRANCHISOR specifically states that it will refrain from doing so. FRANCHISOR (on behalf of itself and its affiliates) retains the right, without granting any rights to DEVELOPER: (1) to solicit prospective franchisees and multi-unit developers and to grant other persons rights to develop or operate COUSINS SUBS Shops at such locations outside of DEVELOPER's Multi-Unit Areas and on such terms and conditions as FRANCHISOR deems appropriate and to itself develop, own and operate such COUSINS SUBS Shops; (2) to solicit prospective FRANCHISEES within DEVELOPER's Multi-Unit Areas; (3) to sell the products and services authorized for COUSINS SUBS Shops under the Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels of distribution within and outside of DEVELOPER's Multi-Unit Area and pursuant to such terms and

conditions as FRANCHISOR deems appropriate; and (4) to establish, operate and license others to establish and operate, anywhere in the world, Non-Traditional Venues using the Marks and the System, offering products and services which are identical or similar to products and services offered by SHOPS.

D. The parties acknowledge that the operation of each SHOP shall be governed by the then current franchise agreement signed by FRANCHISOR and either DEVELOPER or an Affiliate (each, a "Franchise Agreement"). At or before the signing of this Agreement DEVELOPER or an Affiliate must sign and deliver to FRANCHISOR at least one Franchise Agreement for the first SHOP to be opened by DEVELOPER (or an Affiliate). When signing the subsequent Franchise Agreements, DEVELOPER shall be required to pay an initial franchise fee of $17,500 for each SHOP (after the first SHOP). DEVELOPER must comply with the terms and conditions of all the Franchise Agreements as a part of its obligations hereunder and DEVELOPER's failure to execute and comply with such Franchise Agreements shall be a breach of this Agreement.

E. FRANCHISOR acknowledges that DEVELOPER has paid the amount of $8,750 multiplied by the number of SHOPS (except for the first SHOP) ("Multi-Unit Development Fee") to be developed in accordance with Section 3.A (in addition to the initial franchise fee for the Franchise Agreement signed before or simultaneously with this Agreement). The Multi-Unit Development Fee will be credited in $8,750 increments toward the $17,500 initial franchise fee for the subsequent Franchise Agreements signed pursuant to this Agreement. Except as may be specifically provided in this Agreement or any exhibit attached hereto, the Multi-Unit Development Fee shall be deemed fully earned by FRANCHISOR and is nonrefundable upon execution of this Agreement and is not refundable under any circumstances.

F. DEVELOPER agrees that if DEVELOPER is an entity, all of the owners of DEVELOPER shall sign the Guaranty and Assumption of Developer's Obligations attached hereto as Exhibit B and incorporated herein by this reference.

3. **DEVELOPMENT OBLIGATIONS.**

A. DEVELOPER agrees to sign the Franchise Agreements and develop and open for business the number of SHOPS in each of the Multi-Unit Areas, including the SHOP governed by the Franchise Agreement executed before or concurrently with this Agreement, in accordance with the Development Schedule. DEVELOPER agrees that during the term of this Agreement, in addition to meeting the Development Schedule, it will at all times faithfully, honestly and diligently perform its obligations hereunder and will continuously exert its best efforts to develop and open for business SHOPS in the Multi-Unit Areas.

B. The Franchise Agreement for the second and subsequent SHOPS will be executed within five (5) business days after FRANCHISOR's written approval of a location for the SHOP to be opened thereafter. DEVELOPER's failure to execute any additional Franchise Agreements on a timely basis or its default in any term of such Franchise Agreements may, at the option of FRANCHISOR, be deemed a default under this Agreement and shall entitle FRANCHISOR to

terminate this Agreement as further provided in Article 5 below. Each Franchise Agreement to be executed by DEVELOPER (or an Affiliate) for each SHOP shall be the then current form of Franchise Agreement being offered to new COUSINS SUBS franchisees; provided that, in each subsequent Franchise Agreement after the Franchise Agreement signed at the same time as this Agreement, DEVELOPER shall pay the reduced initial franchise fee of $17,500 and a store marketing fee of $10,000 for each SHOP.

C. DEVELOPER shall not, without the prior written approval of FRANCHISOR, enter into any contract for the purchase or lease of any premises for use as a SHOP. DEVELOPER acknowledges that FRANCHISOR has no obligation to select or acquire a location on behalf of DEVELOPER. DEVELOPER acknowledges and agrees that FRANCHISOR's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the success or profitability of a SHOP operated at the site. FRANCHISOR's approval of the site indicates only that FRANCHISOR believes the site complies with acceptable minimum criteria established by FRANCHISOR solely for its purposes as of the time of the evaluation. Both DEVELOPER and FRANCHISOR acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to FRANCHISOR's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from FRANCHISOR's criteria could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond FRANCHISOR's control. FRANCHISOR shall not be responsible for the failure of a site approved by FRANCHISOR to meet DEVELOPER's expectations as to revenue or operational criteria.

D. DEVELOPER acknowledges and agrees that: FRANCHISOR may from time to time designate the maximum amount of debt that SHOPS may service, and DEVELOPER will ensure that it complies with such limits; and FRANCHISOR may require that the first two SHOPS developed under Franchise Agreements executed pursuant to this Agreement be developed entirely with cash equity and without proceeds from any financing from DEVELOPER's owners, DEVELOPER's Affiliates or their owners, or any other third party. DEVELOPER will ensure that DEVELOPER and its Affiliates who sign Franchise Agreements pursuant to this Agreement will have sufficient cash, through equity capital contributed to DEVELOPER by it or its Affiliates' owners, to comply with this requirement.

4. **TERM AND TERMINATION**.

A. This Agreement shall commence as of the date of execution hereof and shall expire on the later of (1) the date the last SHOP contemplated under the Development Schedule Opens or (2) the latest deadline date listed on the Development Schedule. After expiration of the term, or earlier termination of this Agreement as provided below, FRANCHISOR shall have the right to establish, or license to any other party, including an area developer or a franchisee, to establish COUSINS SUBS Shops anywhere within the terminated Multi-Unit Areas; provided, however, any right to a protected territory, if any, under each of DEVELOPER's (or its Affiliate's) existing Franchise Agreement(s) that govern the SHOP(S) will remain in effect for the respective term of the Franchise Agreement(s), unless sooner terminated.

B. This Agreement may be terminated by the mutual agreement of the parties hereto.

C. This Agreement shall terminate automatically upon delivery of notice of termination to DEVELOPER, if DEVELOPER or any of its owner(s), officer(s), or key employee(s):

1. Fails to meet a Development Schedule deadline set forth in Exhibit C hereto;

2. Has made any material misrepresentation or omission in his, her or its application for the development rights or in any report, claim, request for reimbursement, or other similar document submitted to FRANCHISOR;

3. Is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of DEVELOPER or COUSINS SUBS Shops;

4. Becomes insolvent by reason of an inability to pay debts as they mature or makes an assignment for the benefit of creditors or an admission of an inability to pay obligations as they become due;

5. Fails to pay any third party obligations owed in connection with DEVELOPER's business hereunder, and does not correct such failure within any cure periods permitted by the party to whom such obligations are owed;

6. Violates the covenant restricting competitive activity set forth in Section 5 hereto;

7. Makes an unauthorized transfer pursuant to Section 6 hereof;

8. Is otherwise in breach of any provision of this Agreement and does not cure such breach within 30 days; or

9. Any Franchise Agreement or other agreement between DEVELOPER or its Affiliate and FRANCHISOR is terminated.

D. Upon expiration or in the event of termination of this Agreement for any reason, DEVELOPER shall remain subject to all provisions of this Agreement which survive expiration or termination hereof, including but not limited to the post-termination covenants of Section 5, in addition to the terms and conditions of any and all Franchise Agreements executed in furtherance of this Agreement which have not also been terminated.

5. **COVENANTS**.

A. FRANCHISOR has entered into this Agreement with DEVELOPER on the condition that DEVELOPER will deal exclusively with FRANCHISOR. DEVELOPER

acknowledges and agrees that FRANCHISOR would be unable to encourage a free exchange of ideas and information among Franchisees and FRANCHISOR if Franchisees were permitted to hold interests in any Competitive Businesses. DEVELOPER and its owners therefore agree that during the term hereof, neither DEVELOPER nor its owners nor any member of his or their immediate families shall have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, assist or perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, lease or sublease any property to a Competitive Business, directly or indirectly appropriate, use or duplicate the System or System standards, or any portion thereof, for use in any other business endeavor, or otherwise engage in the offer or sale of submarine/hero and deli sandwiches, except in connection with its operation of COUSINS SUBS Shops under franchise agreements with FRANCHISOR.

The term "Competitive Business" as used in this Agreement shall mean any business operating or granting franchises or licenses to others to operate any restaurant which specializes in the sale of submarine/hero and deli sandwiches (excluding COUSINS SUBS Shops operated under franchise agreements with FRANCHISOR) or any similar business, including, without limitation, any fast food type restaurant, which engages in the sale of submarine/hero and deli sandwiches or similar menu item.

B. DEVELOPER further covenants that during the term of this Agreement and any extensions or renewals hereof, and for a period of two (2) years commencing on the effective date of termination or expiration or the date on which DEVELOPER begins to comply with this Section, whichever is later, DEVELOPER shall not divert or attempt to divert any business of or any customers of the SHOP to any Competitive Business, by direct or indirect inducement, or do or perform directly or indirectly, any other act injurious or prejudicial to the goodwill associated with FRANCHISOR's Marks, or in any way negligently or intentionally interfere with the business or prospective business of FRANCHISOR.

C. Upon termination or expiration of this Agreement for any reason, DEVELOPER and its owners agree that, for a period of two (2) years commencing on the effective date of termination or expiration or the date on which DEVELOPER and its owners begin to comply with this Section, whichever is later, neither DEVELOPER nor its owners nor any member of his or their immediate families shall, within DEVELOPER's Multi-Unit Areas and within a ten (10) mile radius of any COUSINS SUBS Shop in operation or under construction as of the termination or expiration date or the date on which DEVELOPER and its owners begin to comply with this Section, have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, assist or perform services as a director, officer, manager, employee, consultant, representative or agent in a Competitive Business, lease or sublease any property to a Competitive Business, or otherwise engage in the offer or sale of submarine/hero and deli sandwiches, except in connection with its operation of COUSINS SUBS Shops under franchise agreements with FRANCHISOR.

D. The restrictions of this Section 5 shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent two percent (2%) or less of the number of shares of that class of securities issued and

outstanding. DEVELOPER (and its owners) expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living. To the extent that this subparagraph is deemed unenforceable by virtue of its scope in terms of area or length of time, but may be made enforceable by reduction of either or both thereof, DEVELOPER and FRANCHISOR agree that the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.

E. FRANCHISOR shall have the right to require all of DEVELOPER's personnel or the personnel of DEVELOPER's Affiliates to execute similar covenants in a form satisfactory to FRANCHISOR.

F. DEVELOPER specifically acknowledges that, pursuant to this Agreement, DEVELOPER will receive confidential and non-public information about the System and the operation and development of COUSINS SUBS Shops, including, without limitation, information regarding the promotional, operational, sales, and marketing methods and techniques of FRANCHISOR. DEVELOPER covenants that it will maintain the absolute confidentiality of all such proprietary information during and after the term of this Agreement, including by adopting and implementing reasonable security and access measures to prevent unauthorized use or disclosure, restricting disclosure to key personnel, and/or by requiring persons who have access to such confidential and proprietary information to execute confidentiality and non-disclosure agreements, and that it will not use any such information in any other business or in any manner not specifically authorized or approved in writing by FRANCHISOR. Confidential information does not include information, knowledge, or know-how which is lawfully known to the public without violation of applicable law or an obligation to FRANCHISOR or FRANCHISOR'S Affiliates.

6. **TRANSFERABILITY OF INTEREST**.

A. **BY FRANCHISOR/DELEGATION OF DUTIES**.

This Agreement is fully assignable by FRANCHISOR and shall inure to the benefit of any assignee or other legal successor to the interests of FRANCHISOR herein. From time to time, FRANCHISOR shall have the right to delegate the performance of any or all of its obligations and duties hereunder to third parties, whether the same are agents of FRANCHISOR or independent contractors which FRANCHISOR has contracted with to provide such services. DEVELOPER agrees in advance to any such delegation by FRANCHISOR of any portion or all of its rights and obligations hereunder.

B. **DEVELOPER MAY NOT ASSIGN WITHOUT CONSENT OF FRANCHISOR**.

The rights granted hereunder are personal to DEVELOPER. Accordingly, neither this Agreement, the SHOP owned by DEVELOPER nor any part of the ownership of DEVELOPER may be assigned or transferred by DEVELOPER or its owner without the prior written consent of

FRANCHISOR, and any such assignment or transfer, or attempted assignment or transfer, without such consent shall constitute a breach hereof and convey no rights to or interests in this Agreement, the SHOP owned by DEVELOPER or the ownership of DEVELOPER.

As used in this Agreement, the term "transfer" shall mean and include the voluntary, involuntary, direct or indirect assignment, sale, gift, pledge or other transfer by DEVELOPER or its owners of any interest in this Agreement; or the ownership of DEVELOPER. An assignment, sale or other transfer shall include the following events: (1) the transfer of ownership of capital stock, voting stock (or security convertible to voting stock) or partnership interest; (2) merger or consolidation or issuance of additional securities representing an ownership interest in DEVELOPER; (3) transfer of an interest in DEVELOPER or this Agreement in a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; or (4) transfer of an interest in this Agreement or an ownership interest of DEVELOPER in the event of the death of DEVELOPER or an owner of DEVELOPER, by will, declaration of or transfer in trust, or under the laws of intestate succession.

C. **CONDITIONS FOR CONSENT TO ASSIGNMENT**.

If DEVELOPER and its owners are in full compliance with this Agreement, FRANCHISOR shall not unreasonably withhold its consent to an assignment or transfer, provided that the proposed assignee and its owners are of good moral character who have sufficient business experience, aptitude and financial resources to perform the services required hereunder and otherwise meets FRANCHISOR's then applicable standards for the grant or acquisition of similar rights.

If the transfer is of this Agreement or of a controlling interest in DEVELOPER, or is one of a series of transfers which in the aggregate constitute the transfer of a controlling interest in this Agreement or DEVELOPER, in addition to the conditions set forth above, all of the following conditions are met prior to, or concurrently with, the effective date of the assignment: (1) all information or documents FRANCHISOR requests regarding the proposed transfer, the transferee, and its owners is provided to FRANCHISOR; (2) DEVELOPER transfers all SHOPS developed under this Agreement, as well as each Franchise Agreement that governs the SHOPS; (3) all obligations of DEVELOPER and its owners incurred in connection with this Agreement have been assumed by the assignee and its owners; (4) DEVELOPER shall have paid all amounts owed to FRANCHISOR; (5) the assignee and its owners shall execute and agreed to be bound by the form of multi-unit development agreement, franchise agreements and any ancillary agreements as are then customarily used by FRANCHISOR in the grant of the rights described hereunder whose terms may differ from the terms of this Agreement; (6) DEVELOPER shall have paid the transfer of ownership fee to FRANCHISOR of Five Thousand Dollars ($5,000); (7) DEVELOPER and its owners shall have executed a general release, in form satisfactory to FRANCHISOR, of any and all claims against FRANCHISOR and its affiliates, officers, directors, owners, employees and agents; (8) DEVELOPER and its owners must agree to abide by the post-termination covenant not to compete set forth in Section 5; and (9) DEVELOPER complies with all transfer requirements under each Franchise Agreement for the SHOPS. If the proposed assignment is to or among

owners of DEVELOPER or to or among the immediate family members of DEVELOPER, or an owner of DEVELOPER, subparagraph (5) of the above requirements shall not apply.

FRANCHISOR shall not be obligated to consider giving its consent to any such transfer unless DEVELOPER has requested such consent in writing and has provided to FRANCHISOR at least thirty (30) days in advance of the proposed transfer: DEVELOPER's current financial statements; such other information (on such forms provided by FRANCHISOR) including, but not limited to, the proposed sales price and terms of payment; an application for a franchise completed by the proposed transferee (buyer) including personal financial statements of such proposed transferee (buyer) and the opportunity to conduct an in-person interview with such proposed transferee (buyer).

D. **ASSIGNMENT TO PARTNERSHIP, LIMITED LIABILITY COMPANY OR CORPORATION**.

If DEVELOPER is in full compliance with this Agreement, FRANCHISOR will not unreasonably withhold its consent to a transfer to a partnership, limited liability company or corporation which conducts no business other than the performance of the rights granted hereunder and the ownership and operation of COUSINS SUBS Shops, which is actively managed by DEVELOPER and in which DEVELOPER owns and controls not less than fifty-one percent (51%) of the general partnership interest or the equity and voting power, provided that all partners, members or shareholders shall execute an agreement, in form acceptable to FRANCHISOR, undertaking to be bound jointly and severally by all provisions of this Agreement and all issued and outstanding stock certificates of such corporation or other evidence of ownership shall bear a legend reflecting or referring to the restrictions of this Section. FRANCHISOR shall not be obligated to consider giving its consent to any such transfer unless DEVELOPER has requested such consent in writing and has submitted all information and documents requested by FRANCHISOR at least thirty (30) days in advance of the proposed transfer.

E. **DEATH OR DISABILITY OF DEVELOPER**.

Upon the death or permanent disability of DEVELOPER or, if DEVELOPER is a corporation, limited liability company or partnership, the owner of fifty percent (50%) or more of the partnership interest, equity or voting control of DEVELOPER, the executor, administrator, conservator or other personal representative of such person shall assign this Agreement or such interest in DEVELOPER to a third party approved by FRANCHISOR. Such disposition of such interest in DEVELOPER (including, without limitation, transfers by bequest or inheritance except to immediate family members) shall be completed within a reasonable time, not to exceed twelve (12) months from the date of death or permanent disability, and shall be subject to all the terms and conditions applicable to assignments contained in Paragraph B of this Section. Failure to so dispose of this Agreement or such interest in DEVELOPER within said period of time shall constitute a breach of this Agreement.

F. **EFFECT OF CONSENT TO ASSIGNMENT**.

FRANCHISOR's consent to an assignment of this Agreement or any interest subject to the restrictions of this Section shall not constitute a waiver of any claims it may have against the assignor, nor shall it be deemed a waiver of FRANCHISOR's right to demand exact compliance with any of the terms or conditions of this Agreement by the assignee or by the assignor.

7. **ENFORCEMENT.**

A. **INJUNCTIVE RELIEF**.

FRANCHISOR may enforce by judicial process any provision of this Agreement, including its right to terminate this Agreement. DEVELOPER and its affiliates, officers, directors, employees, and owners agree to entry without bond of temporary and permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If FRANCHISOR secures any such injunctions or order of specific performance, DEVELOPER further agrees to pay to FRANCHISOR an amount equal to the aggregate of its costs of obtaining any such relief including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages incurred by FRANCHISOR as a result of any breach.

B. **SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS**.

All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. To the extent that any covenant restricting ownership of a Competitive Business herein is deemed unenforceable by virtue of its scope in terms of area or length of time, but may be made enforceable by reductions of either or both thereof, DEVELOPER and FRANCHISOR agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by FRANCHISOR is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure shall be modified to the extent required to be valid and enforceable. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions.

C. **WAIVER OF OBLIGATIONS**.

FRANCHISOR and DEVELOPER may by written instrument unilaterally waive any obligation of or restriction upon the other under this Agreement. No acceptance by FRANCHISOR of any payment by DEVELOPER or any other person or entity and no failure,

refusal or neglect of FRANCHISOR or DEVELOPER to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder, including without limitation, any mandatory specification, standard or operating procedure, shall constitute a waiver of any provision of this Agreement.

The following provision applies if DEVELOPER or the franchise granted hereby are subject to the franchise registration or disclosure laws in Illinois, Indiana, Michigan, Minnesota, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by DEVELOPER in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by FRANCHISOR, any franchise seller, or any other person acting on behalf of FRANCHISOR. This provision supersedes any other term of any document executed in connection with the franchise.

..

D. **DEVELOPER MAY NOT WITHHOLD PAYMENTS DUE FRANCHISOR**.

DEVELOPER agrees that it will not withhold payment of any amounts owed to FRANCHISOR, on grounds of the alleged nonperformance by FRANCHISOR of any of its obligations hereunder.

E. **RIGHTS OF PARTIES ARE CUMULATIVE**.

The rights of FRANCHISOR and DEVELOPER hereunder are cumulative and no exercise or enforcement by FRANCHISOR or DEVELOPER of any right or remedy hereunder shall preclude the exercise or enforcement by FRANCHISOR or DEVELOPER of any other right or remedy hereunder or which FRANCHISOR or DEVELOPER is entitled by law to enforce.

F. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**.

FRANCHISOR AND DEVELOPER HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT. FRANCHISOR AND DEVELOPER IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM.

G. **LIMITATION OF CLAIMS AND CLASS ACTION BAR**.

1. Except for claims arising from DEVELOPER's non-payment or underpayment of amounts DEVELOPER owes FRANCHISOR, any and all claims arising out of or relating to this Agreement or the relationship of DEVELOPER and FRANCHISOR will be barred unless an action or proceeding is commenced within one (1) year

from the date the party asserting the claim knew or should have known of the facts giving rise to such claims.

2. Any proceeding will be conducted on an individual basis, and a proceeding between FRANCHISOR and DEVELOPER or its Affiliates or owners may not be: (i) conducted on a class-wide basis, (ii) consolidated with another proceeding between FRANCHISOR and any other person or entity, nor may any claims of another party or parties be joined with any claims asserted in any action or proceeding between FRANCHISOR and DEVELOPER, or (iii) brought on DEVELOPER's behalf by any association or agency. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

H. **COSTS AND ATTORNEYS' FEES**.

If either party initiates a judicial or other proceeding, the party prevailing in such proceeding shall be entitled to reimbursement of its costs and expenses, including reasonable attorneys' fees.

I. **GOVERNING LAW/CONSENT TO JURISDICTION**.

This Agreement shall be governed by the internal laws of the state of Wisconsin, without regard to conflict of laws rules, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) and except that the provisions of the Wisconsin Franchise Investment Law and the Wisconsin Fair Dealership Law shall not apply unless its jurisdictional requirements are met independently without reference to this Section. **SUBJECT TO THE PROVISIONS BELOW, FRANCHISOR AND DEVELOPER (AND EACH OWNER AND AFFILIATE) AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN THE PARTIES MUST BE COMMENCED IN THE STATE OR FEDERAL IN OR NEAREST MENOMONEE FALLS, WISCONSIN. FRANCHISOR AND DEVELOPER (AND EACH OWNER AND AFFILIATE) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS.**

J. **BINDING EFFECT**.

This Agreement is binding upon the parties hereto and their respective heirs, assigns and successors in interest.

K. **CONSTRUCTION**.

The preambles are a part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between

FRANCHISOR and DEVELOPER relating to the subject matter of this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations FRANCHISOR made in the franchise disclosure document that FRANCHISOR furnished to DEVELOPER. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs. The term "DEVELOPER" as used herein is applicable to one or more persons, a corporation, limited liability company or a partnership, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. References to "DEVELOPER" applicable to an individual or individuals shall mean the principal owner or owners of the equity or operating control of DEVELOPER if DEVELOPER is a corporation, limited liability company or partnership. References to "immediate family" as used herein shall mean parents, spouses, offspring and siblings, and the parents, offspring and siblings of spouses.

8. **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION**.

It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that the parties are independent contractors and that FRANCHISOR appoints DEVELOPER as its special agent for a particular purpose and that nothing in this Agreement is intended to make either party a general agent, subsidiary, joint venturer, partner, employee or servant of the other for any purpose.

DEVELOPER shall conspicuously identify itself as the owner of its own business under a Multi-Unit Development Agreement with FRANCHISOR, and shall place such other notices of independent ownership on such signs, forms, stationery, advertising and other materials as FRANCHISOR may require from time to time.

Neither FRANCHISOR nor DEVELOPER shall make any express or implied agreements, guaranties or representations, or incur any debt, in the name of or on behalf of the other or represent that their relationship is other than franchisor and special agent, and neither FRANCHISOR nor DEVELOPER shall be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized hereunder, nor shall FRANCHISOR be obligated for any damages to any person or property directly or indirectly arising out of the operation of the business, whether or not caused by DEVELOPER's negligent or willful action or failure to act.

DEVELOPER agrees to indemnify and hold FRANCHISOR and its subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees harmless against, and to reimburse them for, any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with DEVELOPER's activities hereunder. FRANCHISOR and each such other indemnified party may, in its discretion and at DEVELOPER's expense, control the defense of any claim against it (including choosing and retaining its own legal counsel), agree to settlements of claims against it, and take any other

remedial, corrective, or other actions in response to such claims. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

9. **NOTICES**.

All written notices and reports permitted or required to be delivered by the provisions of this Agreement or the Confidential Operations Manual shall be deemed so delivered at the time delivered by hand, at the time delivered via computer transmission, one (1) business day after being placed in the hands of a commercial courier service or United States Postal Service for overnight delivery or three (3) days after placed in the Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid. Any notice must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

10. **COUNTERPARTS**.

This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The parties agree that scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement the day and year first above written.

ATTEST:	**COUSINS SUBS SYSTEMS, INC**.
_____	By: _____ Title: _____
ATTEST:	**DEVELOPER**:
_____	_____
_____	_____

EXHIBIT A

MULTI-UNIT AREAS

A ONE-MILE RADIUS AROUND THE INTERSECTIONS HIGHLIGHTED ON THE ATTACHED MAPS.

[ATTACH]

EXHIBIT B

OWNER'S GUARANTY AND ASSUMPTION OF DEVELOPER OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Multi-Unit Development Agreement (as amended, modified, restated or supplemented from time to time, the "Agreement") by COUSINS SUBS SYSTEMS, INC. ("COMPANY"), each of the undersigned ("GUARANTORS") hereby personally and unconditionally (1) guarantees to COMPANY and its affiliates and their successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____

_____

("DEVELOPER") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each GUARANTOR waives:

1. acceptance and notice of acceptance by COMPANY and its affiliates of the foregoing undertakings;

2. notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;

3. protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

4. any right GUARANTOR may have to require that an action be brought against DEVELOPER or any other person as a condition of liability;

5. all rights to payments and claims for reimbursement or subrogation which GUARANTOR may have against DEVELOPER arising as a result of GUARANTOR'S execution of and performance of this Guaranty; and

6. any and all other notices and legal or equitable defenses to which GUARANTOR may be entitled.

Each GUARANTOR consents and agrees that:

1. GUARANTOR'S liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, DEVELOPER and the other owners of DEVELOPER;

2. Each GUARANTOR that is a business entity, retirement or investment account, or trust acknowledges and agrees that if DEVELOPER (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such GUARANTOR (or on such GUARANTOR's account) to its owners, accountholders or beneficiaries, for so long as such delinquency exists, subject to applicable law;

3. GUARANTOR shall render any payment or performance required under the Agreement upon demand if DEVELOPER fails or refuses punctually to do so;

4. COMPANY may proceed against GUARANTOR and DEVELOPER jointly and severally, or COMPANY may, at its option, proceed against GUARANTOR, without having commenced any action, having obtained any judgment against or having pursued any other remedy against, DEVELOPER or any other person. GUARANTOR hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed;

5. such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which COMPANY or its affiliates may from time to time grant to DEVELOPER or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement;

6. This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to DEVELOPER or any assignee or successor of DEVELOPER or by any abandonment of the Agreement by a trustee of DEVELOPER. Neither the GUARANTOR's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of DEVELOPER or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

7. GUARANTORS shall be bound by the restrictive covenants and confidentiality provisions contained in Section 5 of the Agreement and the indemnification provision contained in Section 8 of the of the Agreement; and

8. GUARANTOR agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against GUARANTOR.

Each GUARANTOR represents and warrants that, if no signature appears below for such GUARANTOR'S spouse, such GUARANTOR is either not married or, if married, is a resident of

a state which does not require the consent of both spouses to encumber the assets of a marital estate.

The provisions contained in Section 7.H (Costs and Attorneys' Fees) and Section 7.I (Governing Law/Consent to Jurisdiction) of the Agreement shall govern this Guaranty and any dispute between GUARANTORS and COMPANY, and such provisions are incorporated into this Guaranty by reference.

[*signature page follows*]

IN WITNESS WHEREOF, GUARANTORS have hereunto affixed their signature, under seal, on the same day and year as the Agreement was executed.

GUARANTOR(S)	**PERCENTAGE OF OWNERSHIP INTEREST IN DEVELOPER**
By: _____	_____
Print Name: _____	_____
Address: _____	_____
_____	_____
Email: _____	_____
By: _____	_____
Print Name: _____	_____
Address: _____	_____
_____	_____
Email: _____	_____
By: _____	_____
Print Name: _____	_____
Address: _____	_____
_____	_____
Email: _____	_____
By: _____	_____
Print Name: _____	_____
Address: _____	_____
_____	_____
Email: _____	_____

The undersigned, as the spouse of GUARANTOR indicated below, acknowledges and consents to the guarantee given herein by his/her spouse.

_____	_____
Name of Guarantor	Name of Guarantor
_____	_____
Name of Guarantor's Spouse	Name of Guarantor's Spouse
_____	_____
Signature of Guarantor's Spouse	Signature of Guarantor's Spouse
_____	_____
Name of Guarantor	Name of Guarantor
_____	_____
Name of Guarantor's Spouse	Name of Guarantor's Spouse
_____	_____
Signature of Guarantor's Spouse	Signature of Guarantor's Spouse

EXHIBIT C

DEVELOPMENT SCHEDULE

Development Period	Number of Franchise Agreements Signed During Development Period	Number of SHOPS Opened for Business During Development Period	Total Number of SHOPS Operating by End of Development Period
_____ to _____	2	1	1
_____ to _____	1	1	2
_____ to _____	1	1	3
_____ to _____	1	1	4
_____ to _____	0	1	5
_____ to _____	1	1	6
_____ to _____	1	1	7
_____ to _____	1	1	8
_____ to _____	1	1	9
_____ to _____	1	1	10

EXHIBIT D

MANAGEMENT AGREEMENT

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("**Agreement**") is made this __ day of _____ _____, 20__ ("**Effective Date**"), by and between _____, a _____ _____ with its principal business address at _____ ("**Franchisee**") and Cousins Subs Systems, Inc., a Wisconsin corporation with its principal business address at N83 W13400 Leon Road, Menomonee Falls, WI 53051 ("**Manager**").

W I T N E S S E T H:

WHEREAS, Franchisee and Manager have entered into that certain Franchise Agreement dated _____, 20__ (the "**Franchise Agreement**"), pursuant to which Manager granted Franchisee a franchise for the operation of a Cousins Subs Shop located at _____ (the "**Shop**"); and

WHEREAS, Franchisee desires to engage Manager to manage the operations of the Shop, and Manager agrees to manage the operations of the Shop, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, Franchisee and Manager agree as follows:

1. **Appointment of Manager**. Franchisee hereby appoints Manager as the exclusive representative of Franchisee to manage and operate the Shop.

2. **Acceptance by Manager**. Manager is willing to accept the responsibilities of full and exclusive management of the day to day operations of the Shop, including cash, supplies and inventory, now owned or hereinafter acquired, necessary for the ongoing operation of the Shop.

3. **Management Duties of Manager**.

a. Compliance with Franchise Agreement. Manager shall operate the Shop consistent with Franchisee's obligations under the Franchise Agreement.

b. Collection of Funds. Manager shall take reasonable steps to collect all funds arising from the operation of the Shop and shall perform all reasonable acts on behalf of and for the protection of Franchisee in the collection of such amounts.

c. Employees. Manager shall, on behalf of Franchisee, employ, direct, control, and discharge all persons performing regular services for the Shop. All such employees shall be on Franchisee's payroll and Manager shall not be liable to such employees for their wages or compensation, nor to Franchisee or others for any act or omission on the part of such employee. All such persons are and shall be employees of Franchisee. Manager may, on behalf of Franchisee, enter into a confidentiality and non-competition agreement with any employees of the Shop.

d. Tax Returns and Other Governmental Reports. Manager shall be responsible for filing in a timely manner all _____ payroll tax returns and other _____ governmental reports and _____ forms pertaining to payroll processing

for the Shop and all _____ sales tax returns applicable to the ongoing operation of the Shop. All other tax returns and governmental reports shall be prepared and filed by Franchisee, including Federal Forms 941 and 940. Manager shall be responsible for supplying on a quarterly basis to Franchisee, the Shop payroll information needed to complete Federal Form 941. Manager shall be responsible for timely depositing the Federal Forms 941 and 940 liability amounts which relate to the Shop payroll. Manager shall be responsible for generating all copies of Form W-2. The federal copy and one additional copy shall be supplied to Franchisee on a timely basis, such that Franchisee may file the fourth quarter Form 941 and form W-3 by January 31 of the following year. Manager shall file the _____ state and local copies with the appropriate governmental agencies and shall provide employees with their copies.

e. Franchisee's Acknowledgements. Franchisee acknowledges that Manager's obligations under this Agreement may be satisfied by any individual(s) that Manager designates. Franchisee further acknowledges and agrees that it will engage Manager to manage all Cousins Subs Shops developed by Franchisee under that certain Multi-Unit Development Agreement between Franchisee and Manager.

4. **Accounting and Document Retention**. Accounting functions will be performed by Manager as follows:

a. Books and Financial Statements. Manager shall maintain books of original entry and/or a general ledger which contains a detailed record by account classification of the financial transactions of the Shop. A quarterly statement for each calendar quarter shall be prepared by Manager and furnished to Franchisee no later than 45 days following the end of each quarterly period. Said financial statements shall be prepared on the modified accrual basis of accounting and shall include all appropriate adjustments necessary to reflect the results of operation of the Shop. In addition to the financial statements mentioned above, Manager shall provide Franchisee a monthly report containing total gross receipts (as defined in the Franchise Agreement).

b. Documents. Manager shall retain all invoices, bank statements and other documents pertaining to the operation of the Shop in its custody. Three (3) months following termination or expiration of this Agreement, including any extension thereof, Manager shall return all documents to Franchisee but only upon acknowledgment by Franchisee that Manager has substantially performed all duties for which it is responsible under the terms of this Agreement and release by Franchisee of Manager from any and all claims relating to or resulting from Manager's operation of the Shop.

5. **Bank Account and Reserves**.

a. Bank Account and Disbursement of Funds. Manager shall deposit in a banking institution insured by the Federal Deposit Insurance Corporation in accounts in Manager's name as agent for Franchisee or in Franchisee's name, all monies furnished by Franchisee as working funds and all monies received by Manager for or on behalf of Franchisee and to disburse and pay the same on behalf of and in the name of Franchisee in such amounts and at such times as the same are required to be made in connection with the ownership, maintenance and operations of the Shop on account of:

(i) All taxes, assessments and charges of every kind imposed by any governmental authority having jurisdiction, unless such payment thereof is in good faith being contested by Franchisee, at its sole expense and without cost to Manager, and enforcement thereof is stayed and Franchisee shall have given Manager written notice of such contest and stay and authorized the non-payment thereof not less than ten (10) days prior to the date on which such taxes, assessment or charge is due and payable; and

(ii) All costs and expense of maintaining, operating and supervising the operation of the Shop, including, without limitation, the following:

(1) the salaries and expenses of Shop employees;

(2) out-of-pocket expenses incurred for the account of or in connection with the Shop;

(3) all costs and expenses of any advertising, business promotion or personnel training program of the Shop;

(4) all expenditures for repairs and maintenance of operating equipment;

(5) premiums for insurance maintained pursuant to Section 8 hereof;

(6) legal fees approved by Franchisee;

(7) Manager's management fee pursuant to Section 6 hereof;

(8) payments on loans (if any) for capital used in connection with the development or operation of the Shop;

(9) cost and expense of utilities and service at the Shop and any and all other expenditure provided for in this Agreement; and

(10) any other charge, item of expense or other item which Franchisee in writing directs to be paid.

b. Reserves. As of the date the Shop is placed in operation, Franchisee agrees to deposit to the bank account referred to in Section 5.a. or to another account, whether or not interest bearing, and upon which account Manager shall have the authority to make deposits and withdrawals and upon which account can be drawn upon immediately without notice or penalty, an amount equal to the anticipated operating expenses of the Shop for a one month period, plus [$1,500]. The amount so deposited shall serve as a reserve for operating expenses. In the event that the total amount available in the bank account(s) at the end of any month shall be less than the amount of $_____, the Franchisee shall, upon request from Manager, increase the amount in said account(s) by an amount sufficient to bring the total in the account(s) to $_____. The amount so requested shall be added to the account(s) by Franchisee no later than 15 days following the request of the Manager.

c. Advertising Reserve. An additional amount of [$4,000.00] shall be deposited to the account(s) of the Shop as a separate reserve to cover local advertising and promotion expenses. Monthly advertising and promotion expenses in excess of $_____ shall be charged against this reserve until it is exhausted.

d. Line of credit. In lieu of the initial deposit in the amount of $_____ and the advertising reserve of $4,000.00 as stated in Sections 5.b. and 5.c., Franchisee may make an initial deposit to the bank account referred to in Section 5.a. in the amount of [$5,000.00] and, in addition, establish an operating line of credit with a bank of Franchisee's choice in the amount of $15,000.00 from which Manager shall have authority to withdraw for the purpose of paying operating expenses of the Shop including advertising expenses and for loan payments secured by the assets of the Shop.

6. **Compensation of Manager**. Franchisee shall pay Manager as compensation for the services described above, two percent (2%) of the gross receipts of the Shop. Such compensation is due and payable on or before Wednesday of each week for the preceding week ending Saturday. The amount due Manager for each week may be withdrawn by Manager from the operating account(s) on Wednesday of each week for the preceding week.

7. **Payment to Franchisee**. Franchisee agrees not to withdraw any funds from the account(s) of the Shop described in Sections 5.a. through 5.d. inclusive unless the total amount in those accounts equals the sum of all current liabilities, plus $10,000.00. Any amount in excess of said sum may be withdrawn by Franchisee upon written notice to Manager.

8. **Insurance**. Manager shall obtain, at Franchisee's expense, policies of insurance for the Shop, providing the coverage required under the Franchise Agreement. Upon giving written notice to Manager, Franchisee may obtain the required insurance policies and, in such event, said policies shall contain endorsements waiving subrogation against Manager.

The party obtaining such policies shall cause certificates of insurance to be furnished by the insured to the other party. Such certificates of insurance must provide that the policies therein described may not be cancelled except upon thirty (30) days written notice to Manager. The policies shall also name Manager as an additional insured. Policies of insurance may be provided through any master package policies available to Manager.

9. **Reimbursement of Manager**. If necessary funds are not available to Manager from revenues received from the operations of the Shop or are not otherwise made available by Franchisee, Franchisee shall reimburse Manager for the amount of any charges paid by Manager from Manager's own funds which are required for the operation of the Shop and loan payments on loans secured by the Shop.

10. **Indemnification of Manager**. Subject to the limitation below, Franchisee shall indemnify Manager against all liability of any nature whatsoever in connection with management and operation of the Shop, and against all liability for injury or death of employees, or any other persons, resulting directly from the management and operation of the Shop. This Section shall not impose any obligation on Franchisee to indemnify Manager against the willful misconduct of Manager.

11. **Term**. The term of this contract shall commence on the Effective Date and shall end on the earlier of the termination or expiration of the Franchise Agreement or a termination under Section 12 of this Agreement. This term shall be known as the "initial term."

12. **Termination of Management**.

a. If Manager shall fail to keep, observe or perform any material covenant, agreement, term or provision of this Agreement to be kept, observed or performed by Manager, and such default shall continue for a period of sixty (60) days after written notice thereof by Franchisee to Manager, then in case of any such event and upon expiration of the cure period applicable thereto, Franchisee may terminate this Agreement on five (5) days prior written notice to Manager.

b. If Franchisee shall fail to keep, observe or perform any material covenant, agreement, term or provision of this Agreement to be kept, observed or performed by Franchisee, and such default shall continue for a period of sixty (60) days (fifteen (15) days for failure to maintain sufficient working capital in the bank account established for the Shop) after written notice thereof by Manager to Franchisee, then in case of any such event and upon expiration of the cure period applicable thereto, Manager may terminate this Agreement on five (5) days prior written notice to Franchisee.

c. This Agreement will automatically terminate upon the termination of the Franchise Agreement.

d. In the event Franchisee desires to assume management of the operations of the Shop in accordance with the Franchise Agreement, Franchisee may terminate this Agreement by giving Manager ninety (90) days prior written notice; provided, however, Franchisee must terminate all management agreements between Franchisee (and any of its affiliates) and Manager.

13. **Franchisee's Access to Records and Consultation With Manager**. Franchisee shall have access to all records and documents pertaining to the Shop during normal business hours of Manager. Franchisee may have any document duplicated which pertains to the operation of the Shop. The cost of duplicating documents will be billed to the Shop at the customary charge of Manager. From time to time or at Franchisee's request, Manager will consult with Franchisee regarding the operations of the Shop. Such consultation will be during Manager's normal business hours.

14. **Notice**. All written notices and reports permitted or required to be delivered by the provisions of this Agreement shall be deemed so delivered at the time delivered by hand, at the time delivered via computer transmission, one (1) business day after being placed in the hands of a commercial courier service or United States Postal Service for overnight delivery or three (3) days after placed in the Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid. Any notice must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

15. **Waiver of Punitive Damages and Jury Trial**. Franchisee and Manager hereby waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary

damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it. Franchisee and Manager irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of them.

16. **Limitation of Claims and Class Action Bar**.

a. Except for claims arising from Franchisee's non-payment or underpayment of amounts Franchisee owes Manager, any and all claims arising out of or relating to this Agreement or the relationship of Franchisee and Manager will be barred unless an action or proceeding is commenced in accordance with this Agreement within one (1) year from the date the party asserting the claim knew or should have known of the facts giving rise to such claims.

b. Any proceeding will be conducted on an individual basis, and a proceeding between Manager and Franchisee or its owners or affiliates may not be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other proceeding, (iii) joined with any claims of an unaffiliated third-party, or (iv) brought on Franchisee's behalf by any association or agent. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

17. **Governing Law/Consent to Jurisdiction**. This Agreement shall be governed by the internal laws of the state of Wisconsin, without regard to conflict of laws rules, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) Subject to the provisions below, Franchisee and Manager agree that all actions arising under this Agreement or otherwise as a result of the relationship between the parties must be commenced in the state or federal court in or nearest Menomonee Falls, Wisconsin. Franchisee and Manager irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts.

18. **Counterparts**. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The parties agree that scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

NOTHING IN THE MANAGEMENT AGREEMENT SHALL BE DEEMED TO BE A GUARANTEE OF THE FINANCIAL SUCCESS OF THIS SHOP.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

FRANCHISEE:	MANAGER:
_____ (if legal entity, insert name)	Cousins Subs Systems, Inc.
By: _____ Name: _____ Its: _____	By: _____ Name: _____ Its: _____

OWNER'S GUARANTY AND ASSUMPTION OF
FRANCHISEE OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Management Agreement (the "Agreement") by Cousins Subs Systems, Inc. ("Manager"), each of the undersigned ("Guarantors") hereby personally and unconditionally (1) guarantees to Manager and its affiliates and their successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____

_____

("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each Guarantors waives:

1. acceptance and notice of acceptance by Manager and its affiliates of the foregoing undertakings;

2. notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;

3. protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

4. any right Guarantor may have to require that an action be brought against Franchisee or any other person as a condition of liability;

5. all rights to payments and claims for reimbursement or subrogation which Guarantors may have against Franchisee arising as a result of Guarantors' execution of and performance of this Guaranty; and

6. any and all other notices and legal or equitable defenses to which Guarantors may be entitled.

Each Guarantor consents and agrees that:

1. Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other owners of Franchisee;

2. Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries, for so long as such delinquency exists, subject to applicable law;

3. Guarantor shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;

4. Manager may proceed against Guarantor and Franchisee jointly and severally, or Manager may, at its option, proceed against Guarantor, without having commenced any action, having obtained any judgment against or having pursued any other remedy against, Franchisee or any other person. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed;

5. such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Manager or its affiliates may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement;

6. This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of the Agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

7. Guarantors shall be bound by the indemnification provision contained in Section 10 of the Agreement; and

8. Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

The provisions contained in Section 17 (Governing Law/Consent to Jurisdiction) of the Agreement shall govern this Guaranty and any dispute between Guarantors and Manager, and such provisions are incorporated into this Guaranty by reference.

[*signature page follows*]

IN WITNESS WHEREOF, Guarantors have hereunto affixed their signature, under seal, on the same day and year as the Agreement was executed.

GUARANTOR(S)	**PERCENTAGE OF OWNERSHIP INTEREST IN FRANCHISEE**
By: _____	_____
Print Name: _____	_____
Address: _____	_____
_____	_____
Email: _____	_____
By: _____	_____
Print Name: _____	_____
Address: _____	_____
_____	_____
Email: _____	_____
By: _____	_____
Print Name: _____	_____
Address: _____	_____
_____	_____
Email: _____	_____
By: _____	_____
Print Name: _____	_____
Address: _____	_____
_____	_____
Email: _____	_____

The undersigned, as the spouse of Guarantor indicated below, acknowledges and consents to the guarantee given herein by his/her spouse.

_____	_____
Name of Guarantor	Name of Guarantor
_____	_____
Name of Guarantor's Spouse	Name of Guarantor's Spouse
_____	_____
Signature of Guarantor's Spouse	Signature of Guarantor's Spouse
_____	_____
Name of Guarantor	Name of Guarantor
_____	_____
Name of Guarantor's Spouse	Name of Guarantor's Spouse
_____	_____
Signature of Guarantor's Spouse	Signature of Guarantor's Spouse

EXHIBIT E

LEASE ADDENDUM

EXHIBIT E

ADDENDUM

TO LEASE AGREEMENT DATED _____
BY AND BETWEEN
_____, AS "**LANDLORD**"
AND
_____, AS "**TENANT**" FOR THE DEMISED PREMISES ("**PREMISES**") DESCRIBED THEREIN

This Addendum and the provisions hereof are hereby incorporated into the body of the lease to which this Addendum is attached (the "**Lease**"), and the provisions hereof shall be cumulative of those set forth in the Lease, but to the extent of any conflict between any provisions of this Addendum and the provisions of the Lease, this Addendum shall govern and control.

1. Acknowledgement of Franchise Relationship. Landlord acknowledges that Tenant intends to operate a COUSINS SUBS Shop in the Premises, and that Tenant's rights to operate a COUSINS SUBS Shop and to use the COUSINS SUBS name, trademarks and service marks are solely pursuant to a franchise agreement ("**Franchise Agreement**") between Tenant and Cousins Subs Systems, Inc. ("**Franchisor**"). Tenant's operations at the Premises are independently owned and operated. Landlord acknowledges that Tenant alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly assumes such obligations and takes actual possession of the Premises, in which case the Franchisor or other franchisee shall not be liable for any payments due from Tenant that accrued prior to the assignment.

2. Consent to Collateral Assignment to Franchisor; Disclaimer. Landlord hereby consents, without payment of a fee and without the need for further Landlord consent, to (i) the collateral assignment of Tenant's interest in this Lease to Franchisor to secure Tenant's obligations to Franchisor under the Franchise Agreement, and/or (ii) Franchisor's succeeding to Tenant's interest in the Lease as a result of Franchisor's exercise of rights remedies under such collateral assignment or as a result of Franchisor's termination of, or exercise of rights or remedies granted in or under, any other agreement between Franchisor and Tenant, and/or (iii) Tenant's, Franchisor's and/or any other franchisee of Franchisor's assignment of the Lease to another franchisee of Franchisor with whom Franchisor has executed its then-standard franchise agreement Landlord, Tenant and Franchisor agree and acknowledge that simultaneously with such assignment by Franchisor pursuant to the immediately preceding sentence, Franchisor shall be released from all liability under the Lease or otherwise accruing after the date of such assignment (in the event Franchisor is acting as the assignor under such assignment), but neither Tenant nor any other franchisee shall be afforded such release in the event Tenant/such franchisee is the assignor unless otherwise agreed by Landlord. Franchisor or another franchisee who assumes the lease shall receive equal, if not more favorable, lease terms than Tenant.

3. Exclusivity. Landlord shall not permit to be operated, directly or indirectly, in the complex, shopping center or building in which the Premises is included, another restaurant or food service activity (including either sit-down or take-out type), or similar business which engages in or permits the sale at retail or wholesale of sandwiches commonly known as (or substantially similar to) submarine, hero, or deli style sandwiches, said exclusion including without limitation restaurants operated under the trade-names "Subway," "Schlotzsky's Deli," "Quizno's," "Blimpie's," "Jimmy John's," "Panera Bread," "Atlanta Bread,"

"Capriotti's," "Firehouse Subs," "Lenny's Sub Shop," "Penn Station," "Jersey Mike's" or "Milio's Sandwiches."

4. Tenant's Signage. Notwithstanding anything in the Lease contained to the contrary or in conflict, Landlord hereby grants and approves the following signage rights:

4.1. Landlord agrees to allow Tenant to use Franchisor's standard sign and awning package to the maximum extent permitted by local governmental authorities.

4.2 Tenant shall be provided, at Tenant's sole cost and expense, with a panel on any pylon/monument/directory sign for the development in which the Premises is located, and shall be permitted to install a standard sign thereon as approved by Franchisor, including, without limitation, Franchisor's logo.

5. Non-disturbance from Mortgage Lenders. It shall be a condition of the Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agree not to disturb Tenant's rights under the Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations under the Lease and the Franchise Agreement, beyond an applicable grace or cure period provided therein.

6. Fixtures and Signage. Any lien of Landlord in Tenant's trade fixtures, 'trade dress', signage and other property at the Premises is hereby subordinated to Franchisor's interest in such items as described in the Franchise Agreement. On request, Landlord shall grant the party who owns such property reasonable access to the Premises for the sole purpose of removing such property, provided such party repairs any damage caused by such removal and otherwise complies with Landlord's reasonable requirements with respect to such access.

7. Notice and Cure Rights to Franchisor. Prior to exercising any remedies hereunder (except in the event of imminent danger to the Premises), Landlord shall give Franchisor written notice of any default by Tenant, and commencing upon receipt thereof by Franchisor, Franchisor shall have fifteen (15) additional days to the established cure period as is given to Tenant under the Lease for such default. Landlord agrees to accept cure tendered by Franchisor as if the same was tendered by Tenant, but Franchisor has no obligation to cure such default. The initial address for notices to Franchisor is as follows:

Cousins Subs Systems, Inc.
Attention: Joe Ferguson
N83 W13400 Leon Road
Menomonee Falls, Wisconsin 53051

8. Third Party Beneficiary. Landlord and Tenant acknowledge that Franchisor is a third party beneficiary of the Lease, including, without limitation, this Addendum, and as a result thereof, shall have all rights (but not the obligation) to enforce the same.

9. Franchisor Right to Enter. Landlord acknowledges that, upon the expiration or earlier termination of this Lease or the Franchise Agreement, Franchisor or its designee may enter upon the Premises for the purpose of removing all signs and other material bearing the Franchisor's name or trademarks, service marks or other commercial symbols of Franchisor.

10. Amendments. Tenant agrees that the Lease may not be terminated, modified or amended without Franchisor's prior written consent, nor shall Landlord accept surrender of the Premises without

Franchisor's prior written consent. Tenant agrees to promptly provide Franchisor with copies of all proposed modifications or amendments and true and correct copies of the signed modifications and amendments.

11. Copy of Lease. Landlord agrees to provide Franchisor with a copy of the fully-executed Lease within ten (10) days of its full execution by Landlord and Tenant to the contact information set forth in paragraph 4. Landlord shall, upon the written request of Franchisor, disclose to Franchisor all reports, information or data in Landlord's possession with respect to sales made in, upon or from the Premises by Tenant, and Tenant hereby agrees that Landlord may comply with the terms and provisions of this paragraph.

12. Successors and Assigns. All of Franchisor's rights, privileges and interests under this Addendum and the Lease shall inure to the benefit of Franchisor's successors and assigns. All provisions of this Addendum applicable to Tenant and Landlord shall be binding upon any successor or assign of Tenant or Landlord under the Lease.

13. Counterparts. This Addendum may be executed in one or more counterparts, each of which shall cumulatively constitute an original. PDF signatures of this Addendum shall constitute originals of the same.

AGREED and executed and delivered under seal by the parties hereto as of the day and year of the Lease.

LANDLORD: _____ **TENANT**: _____

By: _____ By: _____
Name: _____ Name: _____
Title: _____ Title: _____

EXHIBIT F

EQUIPMENT LEASE AGREEMENT

EQUIPMENT LEASE AGREEMENT

This Equipment Lease Agreement ("**Lease**") is made and entered into this ____ day of _____, 20__ (the "**Effective Date**") by and between Cousins Subs Systems, Inc., a Wisconsin corporation ("**Lessor**") and _____, a(n) _____ _____ ("**Lessee**").

RECITALS

A. Lessee is a franchisee of Lessor, and is operating, or will operate, during the term of this Lease, a COUSINS SUBS Shop (the "**Shop**") pursuant to a franchise agreement between Lessor and Lessee (the "**Franchise Agreement**").

B. Lessor is the owner of certain computer hardware and the licensee of certain computer software, including the hardware and software for the point-of-sale system identified on Exhibit A to this Lease ("**Computer Equipment**").

C. Lessor and Lessee have agreed that Lessor will lease to Lessee the Computer Equipment, subject to the terms and conditions contained in this Lease.

AGREEMENT

1. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the Computer Equipment, including any replacement parts, substitutions, additions, repairs or accessories now or hereafter affixed to the Computer Equipment, upon the terms and conditions set forth in this Lease. All terms and conditions of this Lease shall govern the rights and obligations of Lessor and Lessee with respect to the Computer Equipment, except as specifically modified in a writing signed by an authorized representative of Lessor.

2. Lessee agrees that it or one of its Designated Managers (as defined in the Franchise Agreement) shall sign for delivery of the Computer Equipment and that such signature shall be deemed to be Lessee's acceptance of the Computer Equipment and acknowledgment that Lessee is satisfied that the Computer Equipment is satisfactory in every respect. This Lease shall automatically extend to any replacement parts, substitutions, additions, repairs or accessories now or hereafter affixed to the Computer Equipment. The Computer Equipment may be used solely in the operation of the Shop during the term and in accordance with the provisions of the Franchise Agreement for the Shop.

3. Lessee acknowledges and agrees that it shall not have title to, or any other ownership rights with respect to, the Computer Equipment. Lessee shall not remove the Computer Equipment from the premises of the Shop.

4. Lessee acknowledges and agrees that it will pay to Lessor the amount of [_____ thousand dollars ($_____)] for the lease and installation of the Computer System at the Shop. Additionally, Lessee shall be obligated to pay any property, sales and use tax on the Computer Equipment at such time as Lessor designates.

5. Lessee shall pay to Lessor a hardware maintenance fee in an amount equal to eight percent (8%) of the costs for the hardware lease and installation, as indicated on Exhibit A to this Lease. This annual hardware maintenance fee is collected as part of Lessee's Technology Fund (as defined in the Franchise Agreement) contribution, as provided in the Franchise Agreement.

6. So long as Lessee remains a franchisee of Lessor, contributes to the technology fund established by Lessor, and is in compliance with the terms of the Franchise Agreement, Lessee may use the Computer Equipment at the Shop at no ongoing monthly cost to Lessee, other than the contribution Lessee is required to make to the technology fund in accordance with the Franchise Agreement.

7. The costs incurred for maintenance, repair and replacement of all or any part of the Computer Equipment, as Lessor deems to be necessary in the ordinary course, shall be paid for by the technology fund established by Lessor. However, Lessee acknowledges and agrees that it will be responsible for all costs incurred for maintenance, repair and replacement of the Computer Equipment or any part thereof required as a result of: (i) loss or theft of the Computer Equipment; (ii) damage to the Computer Equipment caused by the negligence or intentional misconduct of Lessee or any of its owners, employees, representatives, agents, affiliates or customers; (iii) damage caused by riots, tornado, flood, fire or other acts of God; or (iv) damage incurred as a result of events that are or should be (if Lessee has all the insurance required under the Franchise Agreement) covered by insurance (for example, water damage as a result of a burst water pipe or leaky roof).

8. Lessee shall return the Computer Equipment to Lessor (or its designated affiliate), at Lessee's sole expense, immediately upon expiration or termination of the Franchise Agreement for any reason or at any time upon thirty (30) days' prior notice from Lessor.

9. Subject to Lessor's agreement to maintain, repair and replace the Computer Equipment pursuant to Section 6 of this Lease, Lessee hereby accepts the Computer Equipment "as is, where is" and without any warranty of any kind from Lessor. Lessor hereby disclaims any warranties with respect to the Computer Equipment, whether express or implied, including, without limitation, the implied warranties of merchantability and fitness for a particular purpose.

10. In connection with the operation of the Shop, Lessee shall (a) install on the Computer Equipment and use all required software that Lessor periodically specifies, to the extent not installed by Lessor, (b) install on the Computer Equipment and use only software that Lessor has authorized or approved from vendors and suppliers that Lessor has authorized or approved, and (c) uninstall from the Computer Equipment and discontinue using any software that Lessor at any time disapproves.

11. **LESSEE SHALL USE THE COMPUTER EQUIPMENT SOLELY IN CONNECTION WITH THE OPERATION OF THE SHOP AND NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES. THIS LEASE IS GOVERNED BY THE LAWS OF THE STATE OF WISCONSIN AND JURISDICTION AND VENUE SHALL BE WITH THE STATE OR FEDERAL COURT IN OR NEAREST MENOMONEE**

FALLS, WISCONSIN. THIS LEASE WILL NOT BE BINDING UNTIL LESSOR SIGNS BELOW.

12. As security for the performance of Lessee's obligations under this Lease, Lessee grants Lessor a security interest in all of the assets of the Shop, including but not limited to inventory, fixtures, furniture, equipment, the Computer Equipment, accounts, customer lists, supplies, contracts, cash derived from the operation of the Shop and sale of other assets, and proceeds and products of all those assets. Lessee agrees to execute such other documents as Lessor may reasonably request in order to further document, perfect and record Lessor's security interest. If Lessee defaults in any of its obligations under this Lease, Lessor may exercise all rights of a secured creditor granted to it by law, in addition to Lessor's other rights under this Lease and at law. If a third party lender requires that Lessor subordinate its security interest in the assets of Lessee as a condition to lending Lessee working capital for the operation of the Shop, Lessor will agree to subordinate pursuant to terms and conditions determined by it.

13. Neither this Lease nor the rights or obligations of Lessee hereunder may be assigned by Lessee without the prior written consent of Lessor.

14. This Lease may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The parties agree that scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Lease as of the Effective Date.

COUSINS SUBS SYSTEMS, INC.

By: _____
Title: _____

LESSEE:

_____

_____

EXHIBIT A
COMPUTER EQUIPMENT

EXHIBIT G

RENEWAL ADDENDUM TO FRANCHISE AGREEMENT

RENEWAL ADDENDUM TO FRANCHISE AGREEMENT
(to be signed by a renewing franchisee concurrently with the Franchise Agreement)

BETWEEN COUSINS SUBS SYSTEMS, INC.
AND

THIS RENEWAL ADDENDUM ("**Addendum**") is entered into on _____ (the "**Effective Date**") by and between **COUSINS SUBS SYSTEMS, INC.**, a Wisconsin corporation ("**Franchisor**") and _____, a _____ ("**Franchisee**").

1. **Background**. Franchisee and Franchisor are parties to that certain Franchise Agreement dated as of _____, which is scheduled to expire on _____ (the "**Existing Franchise Agreement**"), pursuant to which Franchisee operates a COUSINS SUBS Shop located at _____ (the "**Shop**"). Franchisee desires to obtain a renewal of its franchise for the operation of the Shop by executing Franchisor's current form of franchise agreement simultaneously herewith (the "**Franchise Agreement**"). This Addendum is being signed simultaneously with the Franchise Agreement to amend and supplement certain terms and conditions of the Franchise Agreement. All capitalized terms not defined in this Addendum shall have their respective meanings set forth in the Franchise Agreement.

2. **Initial Franchise Fee**. Section 2.C of the Franchise Agreement is hereby deleted.

3. **Renewal Fee**. Concurrently with the execution of the Franchise Agreement, Franchisee agrees to pay Franchisor a renewal fee in the amount provided for in the Existing Franchise Agreement. The renewal fee is fully earned by Franchisor upon execution of this Addendum and is not refundable under any circumstances.

4. **Term**.

(a) Section 3.A of the Franchise Agreement is hereby deleted and replaced in its entirety with the following:

> This Agreement shall be effective and binding from the date of its execution until _____, unless sooner terminated pursuant to Section 19 hereof. Franchisee acknowledges that it has no rights to renew this Agreement.

(b) Sections 3.B to 3.D of the Franchise Agreement are hereby deleted.

5. **Franchised Location**. Franchisor has approved the address identified in Section 1 of this Addendum as the Shop location as required pursuant to Section 4.A of the Franchise Agreement.

6. **Remodeling Fund**. Section 4.F of the Franchise Agreement shall be amended to delete the following sentence:

The contribution to this fund shall commence after FRANCHISEE has operated the SHOP for a period of twelve (12) months.

7. **Training and Assistance.**

(a) Franchisee acknowledges and agrees that Franchisor has already satisfied its obligation to provide Franchisee the initial training described in Section 7.A of the Franchise Agreement, and that Franchisee or Franchisee's Designated Manager has passed the certification testing required thereunder.

(b) Section 7.B of the Franchise Agreement is hereby deleted.

(c) Franchisor and Franchisee acknowledge and agree that each party has satisfied its obligations with respect to initial training as required pursuant to Section 7.C of the Franchise Agreement.

(d) Section 7.D of the Franchise Agreement is hereby deleted.

8. **Store Marketing.**

(a) Section 12.D of the Franchise Agreement is hereby deleted.

(b) Franchisee acknowledges and agrees that it is in Franchise's best interest to increase expenditures on local advertising for a period of time following completion of remodeling the Shop. Therefore, Franchisee agrees to spend five percent (5%) of the total cost of remodeling the Shop, as required pursuant to Section 12 of this Addendum, towards an advertising plan that is approved by Franchisor. Said advertising plan shall be designed to advertise to the local community around the Shop through direct mail campaigns or other promotional materials, as reasonably approved by Franchisor, after Franchisee has completed the remodeling requirements described in Section 12 hereof. Franchisee agrees to spend such amount within a reasonable period of time following the Effective Date. The costs for this advertising plan shall be in addition to other advertising and marketing obligations described in the Franchise Agreement.

9. **Accounting and Records.** Section 14.B of the Franchise Agreement is hereby deleted.

10. **Standards of Quality and Performance.** Section 15.A of the Franchise Agreement is hereby deleted and replaced in its entirety with the following:

> Once FRANCHISEE has commenced operation of the SHOP, FRANCHISEE must actively and continuously operate the SHOP during normal business hours (as FRANCHISOR may periodically prescribe in the Confidential Operations Manual) for the entire duration of the term of this Agreement.

11. **Default and Termination**. Section 19.B.1 of the Franchise Agreement is hereby deleted and replaced in its entirety with the following:

Fails to remodel the Shop as required by this Agreement or as otherwise agreed to in writing by Franchisor and Franchisee;

12. **Remodeling**. Franchisee agrees to complete, at Franchisee's expense, the remodeling and renovations of the Shop listed on Exhibit A to this Addendum no later than 30 days following the Effective Date of the Franchise Agreement or at such different time as set forth in Exhibit A.

13. **Termination of Existing Franchise Agreement**. Simultaneously with the parties' execution of the Franchise Agreement and this Addendum, the Existing Franchise Agreement is terminated and of no further force or effect.

14. **Release**. Franchisee and the undersigned guarantors, on behalf of themselves and their respective current and former parents, subsidiaries and affiliates, and each such foregoing person's or entity's respective employees, officers, directors, owners, guarantors, heirs, agents, successors, assigns, and other representatives (collectively, the "**Releasing Parties**"), hereby fully and forever unconditionally release and discharge the Franchisor, and its current and former affiliates, parents, subsidiaries, area directors, and insurers, and each such foregoing person's or entity's respective current and former employees, officers, directors, owners, principals, agents, attorneys, predecessors, successors, assigns, guarantors, and other representatives (collectively referred to as "**Franchisor Parties**") of and from any and all claims, demands, debts, liabilities, damages, obligations, actions or causes of action, costs, agreements, promises and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, which any of the Releasing Parties had, has or may have against any of the Franchisor Parties (collectively, the "**Claims**"), including, without limitation, any Claims or causes of action arising from, in connection with or in any way resulting from, related or pertaining, directly or indirectly, to the Existing Franchise Agreement, the relationship created by the Existing Franchise Agreement, or the development, ownership or operation of the Shop, whether now known or hereafter discovered, from the beginning of time until the Effective Date. Franchisee and the undersigned guarantors represent and warrant, on behalf of themselves and the other Releasing Parties, that they have not made an assignment or any other transfer of any interest in the Claims.

[NOTE: IF FRANCHISEE IS A CALIFORNIA ENTITY, OR FRANCHISEE OR ANY GUARANTORS RESIDE IN CALIFORNIA, INSERT THE FOLLOWING:] SECTION 1542 ACKNOWLEDGMENT. IT IS THE INTENTION OF FRANCHISEE AND THE UNDERSIGNED GUARANTORS IN EXECUTING THIS AGREEMENT THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND OR CAUSE OF ACTION RELEASED BY FRANCHISEE AND/OR THE UNDERSIGNED GUARANTORS. EACH FRANCHISEE AND THE UNDERSIGNED GUARANTORS RECOGNIZES THAT HE, SHE, OR IT MAY HAVE SOME CLAIM, DEMAND OR CAUSE OF ACTION AGAINST THE FRANCHISOR PARTIES OF WHICH HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS AGREEMENT. IT IS THE INTENTION

OF EACH OF FRANCHISEE AND THE UNDERSIGNED GUARANTORS IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE HIM, HER, OR IT OF SUCH CLAIM, DEMAND OR CAUSE OF ACTION AND PREVENT HIM, HER, OR IT FROM ASSERTING IT AGAINST THE FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, FRANCHISEE AND THE UNDERSIGNED GUARANTORS EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

> **"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."**

EACH OF FRANCHISEE AND THE UNDERSIGNED GUARANTORS ACKNOWLEDGES AND REPRESENTS THAT HE, SHE, OR IT HAS CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS AGREEMENT AND THAT HE, SHE, OR IT UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENTS THAT THIS AGREEMENT SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

15. **Miscellaneous**.

(a) The terms of this Addendum form an integral part, and are incorporated into and made a part, of the Franchise Agreement. In the event of any conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall govern, control, and supersede any inconsistent or conflicting terms of the Franchise Agreement.

(b) Except as amended by this Addendum, the terms and conditions of the Franchise Agreement are hereby confirmed, ratified and approved in their entirety, and shall continue in full force and effect, as amended and modified by this Addendum.

(c) This Addendum may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The parties agree that scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

(*Signature page follows*)

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed and made effective as of the Effective Date.

COUSINS SUBS SYSTEMS, INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

(if you are an individual(s))

Signature: _____
Print Name: _____

Signature: _____
Print Name: _____

(if you are a legal entity)

_____
Entity Name

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

GUARANTOR(S):

Signature: _____
Print Name: _____

Signature: _____
Print Name: _____

EXHIBIT A
REMODELING REQUIREMENTS

EXHIBIT H

LISTS OF FRANCHISEES
LIST OF OPERATIONAL FRANCHISEES AS OF DECEMBER 25, 2022

Franchisee	Address	City	State	Zip	Phone
OM Evergreen Park Subs, Inc.	9204 S. Western Ave., Suite 2A	Evergreen Park	IL	60805	(708) 572-8463
OM Palatine Subs, Inc.	948 E. Dundee Rd.	Palatine	IL	60074	(847) 794-4825
OM Wheaton Subs, Inc.	2042 S. Naperville Road	Wheaton	IL	60189	(847) 630-5002
OM Crown Point Subs, Inc.	15037 Broadway St.	Crown Point	IN	46307	(219) 488-2569
CAA Enterprises, LLC	3020 E. College Ave.	Appleton	WI	54915	(902) 731-5440
Patrice Hartl	820A Park Avenue	Beaver Dam	WI	53916	(920) 885-3333
Justin & Laura McGraw	17495 W. Capitol Dr.	Brookfield	WI	53045	(262) 790-5848
Legacy Subs, LLC	5191 West Brown Deer Road	Brown Deer	WI	53223	(414) 365-2000
Arvind Patel	206 South Pine Street	Burlington	WI	53105	(262) 763-7640
Straight Drive, LLC	5131 Douglas Avenue	Caledonia	WI	53402	(262) 681-1101
Jeffery Banaszak & Lynelle Caine	901 N. U.S. Highway 141	Crivitz	WI	54114	(715) 854-3399
Silva Subs, LLC	2541 E. Main Street, Unit 1	East Troy	WI	53120	(262) 642-5013
BJB Enterprises, LLC	2605 Golf Road	Eau Claire	WI	54701	(715) 552-5400
Silva Subs, LLC	1024 N. Wisconsin Avenue	Elkhorn	WI	53121	(262) 723-3447
Roger & Cynthia Luckow	928 South Main Street	Fond du Lac	WI	54935	(920) 907-0172
Brother Sister Subs Systems, LLC	7700 S. Lovers Lane Rd., Suite 160	Franklin	WI	53132	(414) 425-1310
Legacy Subs, LLC	N96 W15630 County Line Road	Germantown	WI	53022	(262) 251-9202
Brother Sister Subs Systems, LLC	6201 South 27th Street	Greenfield	WI	53221	(414) 282-7484
Brother Sister Subs Systems, LLC	7495 W. Layton Avenue	Greenfield	WI	53220	(414) 282-6900
Brothers Subs, Inc.	5652 South 108th Street	Hales Corner	WI	53130	(414) 425-3140
NNG Subs, Inc.	3806 West 52nd Street	Kenosha	WI	53144	(262) 652-3130
J&K Enterprises of West Bend, LLC	1010 Fond du Lac Avenue, Suite E	Kewaskum	WI	53040	(262) 626-8800

TMart Operations I, LLC	N1551 Sunset Drive, PO Box 165	Lodi	WI	53555	(608) 592-1551
Southern WI Ventures, LLC[1]	3715 E. Washington Avenue	Madison	WI	53704	(608) 241-0121
Team Enterprises, LLC	4530 Calumet Ave.	Manitowoc	WI	54220	(920) 374-4153
James Porras	1011 Marinette Avenue	Marinette	WI	54143	(715) 735-5200
M & M Sub Ventures, LLC	W156 N5530 Pilgrim Road, Unit D	Menomonee Falls	WI	53051	(262) 252-3373
AM Subs Mequon, LLC	1424 W. Mequon	Mequon	WI	53092	(262) 241-7010
Capri Food Association, LLC	4121 N. 56th Street	Milwaukee	WI	53216	(414) 459-3706
Capri Food Association, LLC	9015 W. Appleton Avenue	Milwaukee	WI	53225	(414) 466-9021
Capri Food Association, LLC	801 East Capitol Drive	Milwaukee	WI	53212	(414) 963-9773
Brothers Subs, Inc.	5121 West Howard Avenue	Milwaukee	WI	53220	(414) 321-4650
M & M Sub Ventures, LLC	552 W. Layton, Suite A	Milwaukee	WI	53207	(414) 294-5633
Capri Food Association, LLC	2900 North Oakland Avenue	Milwaukee	WI	53211	(414) 963-0177
Legacy Subs, LLC	10855 W. Park Place	Milwaukee	WI	53224	(414) 446-9088
Southern WI Ventures, LLC[1]	5413 Monona Drive	Monona	WI	53716	(608) 222-7900
Brother Sister Subs Systems, LLC	2327 W. Ryan Road	Oak Creek	WI	53154	(414) 761-7655
Cover Drive, Inc.	121 North Fowler	Oconomowoc	WI	53006	(262) 567-3740
Tracy Surma	1380 Pabst Farms Circle, Suite 410	Oconomowoc	WI	53066	(262) 200-2255
Southern WI Ventures, LLC[1]	990 Janesville Street	Oregon	WI	53575	(608) 291-0900
Lisa & Joseph Hamer	9901 77th Street, Suite 880	Pleasant Prairie	WI	53158	(262) 697-9330
Kaushik Patel	47 N. Highland Avenue	Plymouth	WI	53073	(920) 893-9330
Cindy Egnarski	1186 Mountain Bay Drive	Pulaski	WI	54162	(920) 822-5555
Square Drive, LLC	6100 Regency West Drive	Racine	WI	53406	(262) 554-1700
Legacy Subs	1175 East Commerce Drive	Slinger	WI	53086	(262) 644-1100

Brother Sister Subs System, LLC	2965 S. Chicago Avenue	South Milwaukee	WI	53172	(414) 768-1111
Groovy Family Subs, LLC	253 North Main Street	Thiensville	WI	53092	(262) 242-9198
J&K Enterprises of West Bend, LLC	437 West Paradise Drive	West Bend	WI	53095	(262) 334-5606

1/ During the 2023 fiscal year, these franchisee-owned Shops became Affiliate-Owned Shops.

EXHIBIT I

LIST OF FORMER AND NON-OPERATIONAL FRANCHISEES

EXHIBIT I-1

FRANCHISEES WHO HAVE LEFT THE SYSTEM
AS OF DECEMBER 25, 2022

Franchisee	Address	City	State	Zip	Phone
OM Wheeling Subs, Inc.	1048 Milwaukee Ave	Wheeling	Illinois	60090	(847) 850-0257
Kim & Duaine Seidler	706 W. Northland Avenue	Appleton	Wisconsin	54914	(920) 954-5880
JJLK, Corporation	1424 W. Mequon	Mequon	Wisconsin	53092	(262) 241-7010
Milestone Restaurants, LLC	1075 W. Fond du Lac Street	Ripon	Wisconsin	54971	(920) 748-7005
Shoman Family, Inc.	W232 N6116 Waukesha Avenue	Sussex	Wisconsin	53089	(262) 820-1180
JJLK, Corporation	253 North Main Street	Thiensville	Wisconsin	53092	(262) 242-9198
M&M Sub Ventures, LLC	1150 Miller Park Way	West Milwaukee	Wisconsin	53214	(414) 383-5120

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

EXHIBIT I-2

AGREEMENTS
SIGNED FOR WHICH SHOPS ARE NOT YET OPERATIONAL
AS OF DECEMBER 25, 2022

None.

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

EXHIBIT J-1

QUALIFICATION FORM

EST. 1972
COUSINS®
SUBS

CONFIDENTIAL
QUALIFICATION FORM

Completion of this form does not obligate you
to purchase a Cousins Subs Franchise

COUSINS SUBS SYSTEMS, INC.
N83 W13400 LEON ROAD • MENOMONEE FALLS, WI 53051
262-250-2836

COUSINSSUBSFRANCHISE.COM

CONFIDENTIAL QUALIFICATION REPORT

If you wish to be considered for a Cousins Subs franchise, **please complete all of the fields, provide electronic signature on the last page (be sure to include spouse's signature, if applicable) and return it to us via email or fax.** Completion of this form does not obligate you or Cousins Subs Systems, Inc. in any way.

PERSONAL DATA

Applicant's Name: _____ Age: _____

Email: _____

Spouse's Name: _____ Age: _____

Email: _____

Home Address: _____ How Long: _____

City: _____ State: _____ Zip Code: _____

Home Phone: _____ Work Phone _____

Mobile Phone: _____ Fax: _____

Number of Children/Dependents: _____

CITIZENSHIP: (Please check one) U.S. Citizen ☐ Permanent Resident Alien ☐

MILITARY SERVICE: Are you a Veteran of the U.S. Armed Forces? Yes ☐ No ☐ Branch: _____

Did you receive an Honorable Discharge? Yes ☐ No ☐ Service Dates: _____

(If yes, please provide DD-214 or discharge certificate)

EDUCATION: **(APPLICANT)** College graduate? Yes ☐ No ☐ College Attended: _____

Degree: _____ Major: _____

(SPOUSE) College graduate? Yes ☐ No ☐ College Attended: _____

Degree: _____ Major: _____

EMPLOYMENT/BUSINESS DATA

PRESENT EMPLOYMENT (If available, please attach current resume):

(APPLICANT) Company: _____

Address: _____

City/State/Zip: _____

Position/Title: _____

Description of Work: _____

Present Salary: _____ Start Date: _____

(SPOUSE) Company: _____

Address: _____

City/State/Zip: _____

Position/Title: _____

Description of Work: _____

Present Salary: _____ Start Date: _____

PREVIOUS EMPLOYMENT/BUSINESS EXPERIENCE (LIST IN ORDER):

(APPLICANT) Company:	City/State:	Dates:	Title:	Income:
(APPLICANT) Company:	City/State:	Dates:	Title:	Income:
(SPOUSE) Company:	City/State:	Dates:	Title:	Income:
(SPOUSE) Company:	City/State:	Dates:	Title:	Income:

Are you or your spouse currently self-employed? Yes ☐ No ☐ If yes, please answer questions below:

Company Name: _____ Year Started: _____ Number of employees: _____

Annual Sales: _____ Status (active, disolved, sold, etc.) _____ If sold/disolved, what year? _____

FINANCIAL DATA*

PRESENT FINANCIAL STATUS (fill out below or attach a current financial statement):

ASSETS		**LIABILITIES**	
Cash on Hand & in Banks*	$ _____	Notes Payable	$ _____
Savings Funds/Certificates*	$ _____	Revolving A/C Balances	$ _____
Stocks, Bonds & Securities*	$ _____	Credit Card Balances	$ _____
Retirement Plans, IRA, 401K	$ _____	Home Mortgage	$ _____
Home Market Value	$ _____	Other Real Estate Debt	$ _____
Other Real Estate (Market Value)	$ _____	Auto Loans	$ _____
Autos (Market Value)	$ _____	Other Debts (Describe):	$ _____
Insurance Cash Value	$ _____	_____	$ _____
Money Due You	$ _____	_____	$ _____
Personal Property	$ _____	_____	$ _____
Other Assets (Describe)	$ _____	_____	$ _____
TOTAL ASSETS:	$ _____	TOTAL LIABILITIES:	$ _____

NET WORTH $ _____
(Total Assets minus Total Liabilities)

Financial Statement Notes: _____

_____

Do you have sources of income other than salary? Yes ☐ No ☐ If yes, source and amount: _____

Your monthly expenses: Home: $ _____ Auto: $ _____ Living: $ _____

Other: $ _____ **Total Monthly Expenses: $** _____

*Cousins Subs may require verification of this information prior to awarding a franchise.

BUSINESS DETAILS:

Cash available for investment in this business: $ _____

If additional funds are required for this business, are they available to you? Yes ☐ No ☐

Please explain: _____

Do you plan to have a business partner(s)? Yes ☐ No ☐ What type of partner(s)? Active ☐ Silent ☐

Business Partner's Name(s): _____

Are you seeking an individual franchise or multiple units (#)? _____

Area preferred (City, State): 1) _____ 2) _____ 3) _____

When would you like your first franchise to open? _____

What are your reasons for going into your own business? 1) _____ 2) _____

What skills and experience do you have that would give you the ability to be a success in this business?

_____

_____

BACKGROUND DATA

Have you ever been involved in a personal or business bankruptcy? Yes ☐ No ☐

If yes, please explain: _____

Are you or your spouse part of any criminal investigation at this time? Yes ☐ No ☐

If yes, please explain: _____

Have you or your spouse ever been convicted of a crime? Yes ☐ No ☐

If yes, please explain: _____

Are there currently any civil judgments against you or your spouse? Yes ☐ No ☐

If yes, please explain: _____

Are there currently any civil suits pending against you or your spouse? Yes ☐ No ☐

If yes, please explain: _____

Were you referred to our program by a current franchisee? Yes ☐ No ☐ Franchisee's name. _____

Comments: _____

_____

AUTHORIZATION

I certify that, to the best of my knowledge, the information contained herein is accurate and complete. Cousins Subs Systems, Inc. or any of its affiliates (collectively, "Cousins") are hereby authorized to investigate my background as it pertains to my qualification, character, general reputation personal characteristics and mode of living and to investigate my credit based on information voluntarily provided by me to Cousins, including, without limitation, the information provided in this Qualification Form which I warrant is true and accurate. This may include investigations of past employment, references, education and information contained in public records, including credit, criminal and motor vehicle data. This is my authorization to credit reporting agencies, banks, creditors and suppliers to release to Cousins, and to Cousins to release to such parties, all information requested regarding my depository, loan or other credit information, including, without limitation, financial information, by telephone or in writing as part of the normal credit evaluation process. I release Cousins from any liability with respect to the release of any such requested information. If I am requesting that Cousins make a credit determination based on my creditworthiness combined with any co-applicants, I authorize Cousins to discuss any derogatory credit items, and any other information Cousins obtains in connection with the investigation, with such co-applicants.

To verify records, please provide the following information:

Applicant's Name (please print) First: _____ MI: _____ Last: _____

Applicant's Signature: _____ Today's Date: _____

Social Security Number: _____ Date of Birth: _____

Spouse's Name (please print) First: _____ MI: _____ Last: _____

Spouse's Signature: _____ Today's Date: _____

Social Security Number: _____ Date of Birth: _____

Submit your completed Confidential Qualification Form to:

COUSINS SUBS SYSTEMS, INC.
Attn: J.J. Palmert, Director of Franchise Sales
N83 W13400 Leon Road, Menomonee Falls, WI 53051
Phone: (262) 250-2836 • Email: john.palmert@cousinssubs.com

EXHIBIT J-2

QUALIFICATION AND DEPOSIT AGREEMENT

COUSINS SUBS SYSTEMS, INC.

QUALIFICATION AND DEPOSIT AGREEMENT

Exhibit J-2

COUSINS SUBS SYSTEMS, INC.

QUALIFICATION AND DEPOSIT AGREEMENT

BACKGROUND INFORMATION

This Qualification and Deposit Agreement (this "**Agreement**") is made this ____ day of _____, 20__ (the "**Effective Date**"), by and between COUSINS SUBS SYSTEMS, INC., a Wisconsin corporation and having its principal place of business at N83 W13400 Leon Road, Menomonee Falls, Wisconsin, 53051 ("**we**," "**us**," or "**our**"), and _____

_____

_____

("**applicant**," "**you**" or "**your**").

TERMS

1. **Qualification Form**. You must complete and return the Confidential Qualification Form simultaneously with your execution of this Agreement.

2. **Deposit**. You will pay us a $2,500 deposit (the "**Deposit**") upon execution of this Agreement and prior to our providing you with access to any Confidential Information (as defined in Section 5) or beginning the evaluation process. If we grant a Cousins Subs Shop to you, this Deposit will be credited toward the initial franchise fee payable in accordance with the franchise agreement. If after our evaluation of your and your designated managers' personal abilities, aptitudes and financial qualifications we determine that you do not qualify for a franchise, we will refund the Deposit to you, subject to your execution of a general release, in the form prescribed by us, of any and all claims against us and our subsidiaries and affiliates, and our and their respective officers, directors, agents, owners and employees. If, however, we determine you qualify and you decide not to acquire a franchise from us, the Deposit is non-refundable.

3. **Evaluation.** As part of the evaluation process, you agree to observe for up to 50 hours at a Cousins Subs Shop that we designate. The scheduling of your observation periods will be as mutually agreed upon by you and us so as not to interfere with the regular business operations of the Cousins Subs Shop you observe or your work schedule at any job you currently hold. You will not receive compensation of any kind for your time during the evaluation process. The time you spend observing and evaluating in accordance with this Agreement will not count towards the training you would be required to complete under any franchise agreement you enter into with us.

4. **Term**. The term of this Agreement will begin on the Effective Date and terminate on either the date you sign a franchise agreement with us or the date on which you elect, in writing, not to acquire a franchise from us.

5. **Waiver and Release.** During the up to fifty (50) hour observation and evaluation period in which you will receive hands-on experience and may operate food service equipment or handle supplies, you agree, attest, and acknowledge that:

(a) there is some risk of injury, harm or illness (including, without limitation, Covid);

(b) you are not an employee of us, any of our affiliates or the franchisee who operates the Cousins Subs Shop;

(c) since you are not an employee, you will not be entitled to workers' compensation or any other benefits, whether from us, our affiliates or franchisee; and

(d) you waive any right to sue for damages or other relief, and release any claim you may have against us or any of our affiliates, agents, officers and directors, for any claims, losses, damages, liabilities or obligations that arise out of any injury, harm or illness you suffer during, or resulting from, the fifty (50) hour observation period.

6. **Competitive Restrictions.** For a period of one (1) year commencing on the later of the expiration of the term of this Agreement or the date on which a person restricted by this Section 6 begins to comply with this Section, neither you nor any of your owners nor your or their immediate families members will, within a ten (10) mile radius of any Cousins Subs Shop in operation or under construction as of the expiration date or the date on which all persons required to comply with this Section begin to comply, have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, assist or perform services as a director, officer, manager, employee, consultant, representative or agent in a Competitive Business, lease or sublease any property to a Competitive Business, or otherwise engage in the offer or sale of submarine/hero and deli sandwiches. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. The term "**Competitive Business**" as used in this Agreement means any business operating or granting franchises or licenses to others to operate any restaurant which specializes in the sale of submarine/hero and deli sandwiches (excluding Cousins Subs Shops operated under franchise agreements with us) or any similar business, including, without limitation, any fast food type restaurant, which engages in the sale of submarine/hero and deli sandwiches or similar menu item.

7. **Confidential Information.** We may disclose certain information to you regarding Cousin Subs System and the know-how related to its use including: (1) site selection criteria; (2) training and operations materials and manuals, including, without limitation, recipes and product formulae; (3) the system standards, restaurant operating procedures of a Cousins Subs Shop, the method of preparation of sandwiches and other food products and other methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting and operating Cousins Subs Shops; (4) market research, promotional, marketing and advertising programs for Cousins Subs Shops; (5) knowledge of specifications for, and suppliers of, operating assets and other products and supplies; (6) any

computer software or similar technology which is proprietary to us, our affiliates, or the system, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; (7) knowledge of the operating results and financial performance of Cousins Subs Shops; and (8) customer data (collectively, the "**Confidential Information**"). You will not acquire any interest in the Confidential Information. The use or duplication of any Confidential Information in any other business will constitute an unfair method of competition. You will not disclose, leak, divulge, disseminate, reveal, make available, replicate, duplicate (in any form, tangible or intangible) or otherwise communicate all or any portion of the Confidential Information to any other person or entity, or use it for any purpose other than good faith negotiations with us in securing a franchise, either directly or indirectly, unless given permission to do so in writing by us. You will use the highest degree of care to safeguard the confidentiality of the Confidential Information and not make any copies or abstracts of the Confidential Information (in any form tangible or intangible) except where permitted to do so by us in writing. You will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information.

8. **Return of Confidential Information.** If for any reason whatsoever you and we do not enter into a franchise agreement within 60 days of the Effective Date, or at any time upon demand by us, you agree to: (i) immediately return to us all franchise disclosure documents, franchise agreements and all Confidential Information, in whatever form, and any derivations or extracts you may have created therefrom; (ii) immediately destroy all such franchise disclosure documents, franchise agreements and Confidential Information in computer memory, electronic format or any other storage media that you may access from remote sites via the Internet or other shared system; and (iii) within ten (10) days following the initiation of your obligation under this Section, you or a duly authorized officer of you if you are an entity, must certify to us in writing that you have fully complied with your obligations under subsections (i) and (ii).

9. **Governing Law.** This Agreement shall be governed by the internal laws of the State of Wisconsin, without regard to conflict of laws rules. You and we agree that all actions arising under this Agreement or otherwise as a result of the relationship between the parties must be commenced in the state or federal court in or nearest Menomonee Falls Wisconsin.

10. **Costs and Attorneys' Fees.** If either party initiates a judicial or other proceeding, the party prevailing in such proceeding shall be entitled to reimbursement of its costs and expenses, including reasonable attorneys' fees.

11. **Assignment.** The rights granted under this Agreement are personal to you and may not be assigned, subcontracted, or transferred by you without our prior written consent.

12. **Effect.** This Agreement neither evidences, nor commits us to, an award of a franchise to you. Any grant of a franchise to you will be subject to a definitive franchise agreement mutually acceptable and signed by both you and us. In the meantime, you and we acknowledge that each party will investigate the other's qualifications, background, and respective businesses. This Agreement constitutes the entire agreement of the parties relating to the subject matter of this Agreement.

13. **Counterparts**. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The parties agree that scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement as of the Effective Date.

ATTEST:	**COUSINS SUBS SYSTEMS, INC**.
_____	By: _____ Title: _____
ATTEST:	**APPLICANT**:
_____	_____
_____	_____

EXHIBIT K

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EXHIBIT L

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

DO NOT SIGN THIS QUESTIONNAIRE IF YOU ARE LOCATED, OR YOUR FRANCHISED BUSINESS WILL BE LOCATED IN: ILLINOIS, INDIANA, MICHIGAN, MINNESOTA, OR WISCONSIN.

The purpose of this Statement is to demonstrate to Cousins Subs Systems, Inc. ("Franchisor") that the person(s) signing below ("I," "me" or "my"), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of a Cousins Subs Shop franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	INITIAL:
I received a copy of the FDD, including the Franchise Agreement, at least 14 calendar days before I executed the Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.	INITIAL:
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.	INITIAL:

My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	INITIAL:
I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL:
PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED. Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of your success) other than information contained in the FDD? ☐ Yes ☐ No (Initial Here: ____) If you selected "Yes," please describe the information you received on the lines below: _____ _____	

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;
2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;
3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or

4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

FRANCHISEE:

Sign here if you are taking the franchise as an
INDIVIDUAL(S)
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate <u>legal</u> entity)

_____
Signature
Print Name: _____
Date: _____

_____
Signature
Print Name: _____
Date: _____

_____
Signature
Print Name: _____
Date: _____

_____
Signature
Print Name: _____
Date: _____

Sign here if you are taking the franchise as a
CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By: _____
Signature

Print Name: _____
Title: _____
Date: _____

EXHIBIT M

SAMPLE GENERAL RELEASE

COUSINS SUBS SYSTEMS, INC.

GRANT OF FRANCHISOR CONSENT AND [FRANCHISEE] OR [DEVELOPER] RELEASE

Cousins Subs Systems, Inc. ("we," "us," or "our") and the undersigned [franchisee or developer], _____ _____ ("you" or "your"), currently are parties to a certain [franchise agreement or multi-unit development agreement] (the "[Franchise Agreement or Multi-Unit Development Agreement]") dated _____, 20___. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation]_____ _____ _____ _____ _____. We have the right under the [Franchise Agreement or Multi-Unit Development Agreement] to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your current and former parents, affiliates, and subsidiaries, and each such foregoing person's or entity's respective successors, spouses, heirs, executors, administrators, personal representatives, agents, assigns, owners, directors, managers, officers, principals, and employees (collectively, the "Releasing Parties"), hereby forever release and discharge us and our current and former affiliates, and each such foregoing entity's respective current and former officers, directors, owners, principals, employees, agents, representatives, successors, and assigns (collectively, the "Cousins Parties") of and from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, "Claims") whether at law or in equity, and known or unknown, that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have had against any of the Cousins Parties, from the beginning of time to the date of your signature below, including without limitation, Claims arising out of or related to (1) the [Franchise Agreement or Multi-Unit Development Agreement], (2) your and the other Releasing Parties' relationship with any of the Cousins Parties, or (3) the development, ownership or operation of any and all of the Cousins Subs Shops. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Cousins Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

[NOTE: If franchisee (or any of its owners) is a resident of California, insert the following:] **Section 1542 Acknowledgment.** It is your intention in executing this release that this instrument be and is a general release which shall be effective as a bar to each and every claim, demand or cause of action released by you (and your owners). You (and your owners) recognize that he, she, or it may have some claim, demand or cause of action against the Cousins' Parties of which he, she, or it is totally unaware and unsuspecting, which he, she, or it is giving up by executing this release. It is your intention in executing this instrument that it will deprive him, her, or it of such claim, demand or cause of action and prevent him, her, or it from asserting it against the Cousins' Parties. In furtherance of this intention, you expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

> **"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."**

You (and your owners) acknowledge and represent that he, she, or it has consulted with legal counsel before executing this release and that he, she, or it understands its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consents that this release shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, and causes of action.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this release on the date stated on the first page hereof.

COUSINS SUBS SYSTEMS, INC.

Print Name:_____

Title:_____

By:_____ Date:_____

[FRANCHISEE OR DEVELOPER]

_____

Print Name:_____

Title:_____

By:_____ Date:_____

[FRANCHISEE OR DEVELOPER] OWNER

Print Name:_____

Title:_____

By:_____ Date:_____

Print Name:_____

Title:_____

By:_____ Date:_____

EXHIBIT N

CONSENT TO TRANSFER

AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER

THIS AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER ("***Agreement***") is made among **COUSINS SUBS SYSTEMS, INC.**, a Wisconsin corporation having its principal place of business at N83 W13400 Leon Road, Menomonee Falls, WI 53051 ("***Franchisor***"), **[SELLER NAME(S) OR ENTITY NAME; INDIVIDUAL OR FORMATION STATE(S)/ENTITY TYPE(S); AND ADDRESS(ES)]** ("***Seller***"), and **[BUYER NAME(S) OR ENTITY NAME; INDIVIDUAL OR FORMATION STATE(S)/ENTITY TYPE(S); AND ADDRESS(ES)]** ("***Buyer***"), and, if any, the undersigned Seller Guarantors, effective as of the Effective Date.

RECITALS

A. Seller is the franchisee pursuant to that certain franchise agreement between Franchisor and Seller, as franchisee, dated **[date of seller franchise agreement]** (the "***Seller Franchise Agreement***"), governing the operation of a COUSINS SUBS Shop at located at **[shop address]** (the "***Shop***" or "***Franchised Location***");

B. Buyer is the franchisee under that certain franchise agreement between Franchisor and Buyer, as franchisee, dated **[date of buyer franchise agreement]** (the "***Buyer Franchise Agreement***");

C. Seller has notified Franchisor that it and Buyer have entered into an Asset Purchase Agreement, dated **[date of asset purchase agreement]** (the "***Purchase Agreement***") and attached as Exhibit A, pursuant to which Seller has agreed to sell and Buyer has agreed to purchase all of the rights, obligations and assets relating to the Shop (the "***Interests***") and, further, that Buyer has agreed to assume the lease obligations with regard to the Franchised Location (collectively, the "***Transfer***");

D. Seller and the guarantors of the obligations of Seller (the "***Seller Guarantors***") have requested that Franchisor consent to the Transfer and release Seller and the Seller Guarantors from all obligations under the Seller Franchise Agreement and guaranties, respectively; and

E. The parties desire to (i) amend the Seller Franchise Agreement and Buyer Franchise Agreement as set forth below; and (ii) set forth the terms and conditions under which Franchisor will consent to the Transfer.

AGREEMENT

FOR AND IN CONSIDERATION of the foregoing Recitals, which are incorporated herein, the mutual covenants expressed herein and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Effective Date.** The "***Effective Date***" will be the date on which Franchisor signs this Agreement acknowledging its consent to the proposed Transfer.

2. **Proposed Transfer.** Buyer is purchasing the Interests from Seller in accordance with the terms and conditions of the Purchase Agreement. Seller and Buyer represent and warrant

that the form of Purchase Agreement attached as Exhibit A is the final version of the agreement and is the version which has been or will be executed by them to effectuate the Transfer.

3. **Conditional Consent; Release of Guaranty.** The Seller Franchise Agreement provides that the Transfer cannot take place without the consent of Franchisor. Franchisor will consent to the Transfer, as provided in the Seller Franchise Agreement, and will release (a) Seller from any obligations arising under the Seller Franchise Agreement and (b) Seller Guarantors under any guaranties (in each case except as described below) from and after the Effective Date; provided, however, such consent and release are expressly contingent upon compliance with the following terms and conditions on or before the date of the closing of the Transfer ("***Closing Date***"):

a. **Franchise Agreement**. The Seller Franchise Agreement will terminate as of the Closing Date in accordance with the terms set forth in Section 8 below, and the operation of the Shop will thereafter be governed by the Buyer Franchise Agreement;

b. **Payment of Amounts Due**. Seller will pay all amounts due and owing from Seller (or an affiliate of Seller) to Franchisor through the Closing Date**[, including but not limited to past due royalty and advertising fees in the amount of [$_____]]**;

c. **Transfer Fee**. Upon execution of this Agreement, a transfer fee of **[$_____]** ("***Transfer Fee***") shall be paid to Franchisor as provided in the Seller Franchise Agreement. Except as described in Section 5 below, Seller and Buyer acknowledge and agree that Franchisor has earned the Transfer Fee upon receipt thereof and that, except as provided in this Agreement, the Transfer Fee is not refundable;

d. **Financial Statements**. Seller will provide Franchisor with all required monthly financial statements for the Shop through the Closing Date;

e. **Training**. Buyer or Buyer's Designated Manager (as defined in the Buyer Franchise Agreement) shall have completed the initial training program to Franchisor's satisfaction as described in the Buyer Franchise Agreement prior to the Closing Date;

f. **Right to Possession**. Buyer will provide satisfactory evidence to Franchisor that Buyer has the right to possession of the premises for the Shop by way of lease assignment and/or assumption or otherwise (with all required landlord consents), as more fully described in Section 6 below;

g. **Remodeling**. Seller and Buyer shall ensure that all of the items reflected on the pre-sale inspection ("***Inspection***") which is attached hereto as Schedule 1 have been completed prior to the Closing Date or by such other date specified in the Inspection;

h. **Purchase Agreement**. The Purchase Agreement will not be amended and the terms of the transaction thereunder will not be changed except with the prior written consent of Franchisor; and

i. **Shop Possession**. Prior to the Closing Date and changing possession of the Shop, Seller and Buyer shall obtain the written consent of Franchisor to change possession.

4. **Waiver of Right of First Refusal**. Franchisor hereby waives any right of first refusal to purchase the Interests as it may have pursuant to the Seller Franchise Agreement.

5. **Contingency.** Franchisor may terminate this Agreement and/or the Buyer Franchise Agreement, if:

a. The transactions contemplated between Seller and Buyer are not approved by Franchisor;

b. Buyer fails to satisfactorily complete the initial training program as described in the Buyer Franchise Agreement;

c. The landlord does not approve the assignment of the lease for the Shop and such approval is required;

d. Buyer is unable to obtain financing for the transaction contemplated between Seller and Buyer;

e. Seller and Buyer fail to change ownership and/or possession of the Shop as described herein within 90 days following the Effective Date of this Agreement; or

f. Buyer breaches the Buyer Franchise Agreement.

In the event of a termination pursuant to Sections 5(a) through 5(e) hereof, Franchisor will refund fifty percent (50%) of the Transfer Fee paid, without interest, within thirty (30) days after receipt by Franchisor of an executed termination and release agreement acceptable to Franchisor; provided that after Buyer or Buyer's Designated Manager attends any portion of the initial training program, the Transfer Fee is non-refundable.

6. **Assignment/Assumption of Premise Lease**. Buyer and Seller acknowledge that one of the requirements of Franchisor's consent is that the premises lease be assigned to and/or otherwise assumed by the Buyer and that the lease for the Shop premises may require consent of and/or notice to the landlord with respect to such assignment and/or assumption. Provided Buyer takes an assignment of the lease for the Shop and the terms of such lease are not amended, Franchisor waives the requirement for lease review and approval set forth in the Buyer Franchise Agreement. If the lease terms are amended or Buyer enters into a new lease for the Shop, all lease review and approval requirements set forth in the Buyer Franchise Agreement shall remain applicable. Buyer and Seller agree that they will timely secure such landlord consent and provide such required notice to landlord and provide Franchisor with a copy thereof regardless of whether a change of ownership and possession may have been authorized by Franchisor. If ownership and possession change prior to securing landlord's consent, where required by the lease, Buyer and Seller release Franchisor from any liability resulting from the failure to secure such consent prior to changing ownership and possession of the Shop.

7. **Grand Opening**. The first sentence of Section 12.D of the Buyer Franchise Agreement is hereby amended and restated in its entirety with the following:

> FRANCHISEE shall deposit with FRANCHISOR upon execution of this Agreement the sum of **[_____ DOLLARS ($_____.00)]** **[INSERT AMOUNT RANGING FROM $2,500 to $5,000]** for payment of FRANCHISEE's "Grand Opening" advertising and promotion.

8. **Termination of Seller Franchise Agreement and Guaranties**. Franchisor and Seller acknowledge and agree that, as of the Closing Date and upon the Transfer and compliance with the conditions set forth in Section 3 above, the Seller Franchise Agreement and the guaranties (if any) will automatically terminate and neither Seller nor Seller Guarantors shall have any further rights or obligations thereunder except that neither Seller nor any Seller Guarantor shall be released from:

> a. any obligations to pay money to Franchisor owed under either the Seller Franchise Agreement or the guaranty prior to the Closing Date; or
>
> b. the provisions of the Seller Franchise Agreement or guaranty that, either expressly or by their nature, survive termination of the Seller Franchise Agreement (including, without limitation, the post-termination restrictive covenants, dispute resolution and notice, confidentiality provisions, and other obligations of the Seller or the Seller Guarantors upon a termination of the Seller Franchise Agreement).

9. **Release of Franchisor.** Seller, the Seller Guarantors, and Buyer and each of them, on behalf of themselves and their respective current and former parents, subsidiaries and affiliates, and each such foregoing person's or entity's respective employees, officers, directors, owners, successors, assigns, and other representatives (the "***Releasing Parties***"), hereby fully and forever unconditionally release and discharge Franchisor, and its current and former affiliates, parents, subsidiaries, area directors, and insurers, and each such foregoing person's or entity's respective current and former employees, officers, directors, owners, agents, successors, assigns, guarantors, and other representatives (the "***Released Parties***"), of and from any and all claims, demands, obligations, actions, liabilities, and damages of every kind or nature whatsoever, whether at law or in equity, and known or unknown to them, which any of the Releasing Parties had, has or may have had, in any way arising out of or relating to any relationship or transaction with any of the Released Parties, however characterized or described, from the beginning of time until the date of this Agreement, including but not limited to, any and all claims in any way arising out of or related to the Seller Franchise Agreement, the relationship created by the Seller Franchise Agreement, the development, ownership or operation of the Shop, the Purchase Agreement or the transactions described herein. Seller, the Seller Guarantors, and Buyer and each of them, on behalf of themselves and the Releasing Parties, further covenant not to sue any of the Released Parties on any of the claims released by this Section, and warrant and represent that the Releasing Parties have not assigned or otherwise transferred any claims released by this Section.

[NOTE: IF EITHER BUYER OR SELLER IS A RESIDENT OF CALIFORNIA, INSERT THE FOLLOWING:] **SECTION 1542 ACKNOWLEDGMENT.** IT IS THE INTENTION OF SELLER, THE SELLER GUARANTORS, AND BUYER IN EXECUTING

THIS AGREEMENT THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND OR CAUSE OF ACTION RELEASED BY SELLER, THE SELLER GUARANTORS, AND/OR BUYER. EACH OF SELLER, THE SELLER GUARANTORS, AND BUYER RECOGNIZES THAT HE, SHE, OR IT MAY HAVE SOME CLAIM, DEMAND OR CAUSE OF ACTION AGAINST THE RELEASED PARTIES OF WHICH HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS AGREEMENT. IT IS THE INTENTION OF EACH OF SELLER, THE SELLER GUARANTORS, AND BUYER IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE HIM, HER, OR IT OF SUCH CLAIM, DEMAND OR CAUSE OF ACTION AND PREVENT HIM, HER, OR IT FROM ASSERTING IT AGAINST THE RELEASED PARTIES. IN FURTHERANCE OF THIS INTENTION, SELLER, THE SELLER GUARANTORS, AND BUYER EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

> **"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."**

EACH OF SELLER, THE SELLER GUARANTORS, AND BUYER ACKNOWLEDGES AND REPRESENTS THAT HE, SHE, OR IT HAS CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS AGREEMENT AND THAT HE, SHE, OR IT UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENTS THAT THIS AGREEMENT SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

10. **Non-Disparagement.** In consideration of the accommodations provided to Seller, the Seller Guarantors, and Buyer and concessions made by Franchisor and its affiliates under this Agreement, Seller, the Seller Guarantors, and Buyer agree not to, and to use their best efforts to cause their current and former owners, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, and successors and assigns not to, disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor or the Released Parties or their respective current and former agents, principals, officers, directors, owners, employees, franchisees, representatives, area directors, attorneys, parents, predecessors, affiliates, subsidiaries, divisions, and successors and assigns, the COUSINS SUBS brand, the COUSINS SUBS system, or any other service-marked or trademarked concept of Franchisor, or which would subject the COUSINS SUBS brand to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of Franchisor, its brand or its trademarks.

11. **Acknowledgment**. Buyer and Seller acknowledge that although Franchisor or its affiliates, employees, officers, directors, owners, successors, assigns, and other representatives may have been involved in Buyer's purchase of the Interests from Seller, Buyer and Seller have assumed sole and full responsibility for making the final decision to purchase and sell the Interests, and each has consulted, or has had the opportunity to consult, but, of its own accord, elected not to consult, with its own legal and financial advisors. Buyer further understands that as part of analyzing the purchase of the Interests from Seller, it is Buyer's responsibility to meet with or otherwise gather necessary information from the appropriate parties which may or may not affect Buyer's purchase of the Interests from Seller.

12. **Additional Documents.** Buyer and Seller agree to execute such additional documents as may be necessary to complete the Transfer as contemplated by the Purchase Agreement, the Seller Franchise Agreement and the Buyer Franchise Agreement.

13. **Miscellaneous Provisions.** This Agreement will be construed and enforced in accordance with, and governed by, the laws of the state of Wisconsin. All provisions of the Seller Franchise Agreement and the Buyer Franchise Agreement relating to the enforcement and dispute resolution of each agreement, respectively, shall apply to and govern the resolution of any disputes, claims, and issues arising out of this Agreement between Franchisor and Seller and between Franchisor and Buyer. This Agreement may not be modified or amended, or any term hereof waived or discharged, except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. The headings of this Agreement are for convenience and reference only and will not limit or otherwise affect the meaning hereof. In the event of any conflict between the terms of this Agreement and the terms of the Seller Franchise Agreement or the Buyer Franchise Agreement, the terms of this Agreement shall control. This Agreement may be executed in any number of counterparts and sent via facsimile, each of which will be deemed an original but all of which taken together will constitute one and the same instrument. All capitalized terms used, but not defined, herein shall have the meanings ascribed to them in the applicable franchise agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement and Conditional Consent to Transfer as of the Effective Date.

[Signatures on following pages]

SELLER(S): If Seller is a legal entity, name of entity: _____

By: _____
Name: _____
Title (if applicable): _____

By: _____
Name: _____
Title (if applicable): _____

By: _____
Name: _____
Title (if applicable): _____

By: _____
Name: _____
Title (if applicable): _____

SELLER GUARANTORS:

_____
Print Name: _____

_____
Print Name: _____

_____
Print Name: _____

_____
Print Name: _____

BUYER(S): If Buyer is a legal entity, name of entity: _____

By: _____
Name: _____
Title (if applicable): _____

By: _____
Name: _____
Title (if applicable): _____

By: _____
Name: _____
Title (if applicable): _____

By: _____
Name: _____
Title (if applicable): _____

[Franchisor signature on following page]

ACCEPTED:

COUSINS SUBS SYSTEMS, INC.

By: _____
Title: _____
Date*: _____
*This date is the Effective Date

SCHEDULE 1
REMODELING REQUIREMENTS

EXHIBIT A
ASSET PURCHASE AGREEMENT

State Effective Dates

The following states have franchise laws that 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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Illinois	Pending
Indiana	Pending
Michigan	March 24, 2023
Minnesota	Pending
Wisconsin	March 24, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT O

RECEIPTS

RECEIPT
(OUR COPY)

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 Cousins Subs Systems, Inc. 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, Cousins Subs Systems, Inc. or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this Disclosure Document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must 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 Cousins Subs Systems, Inc. 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit 2.

The franchisor is Cousins Subs Systems, Inc., located at N83 W13400 Leon Road, Menomonee Falls, Wisconsin 53051 (262) 253-7700.

Issuance Date: March 24, 2023.

Franchise seller(s) offering the franchise: Cousins Subs Systems, Inc., N83 W13400 Leon Road, Menomonee Falls, Wisconsin 53051. Tel: (262) 253-7700. In addition, please identify the individual franchise seller who offered you a Cousins Subs Shop franchise in the space provided below:

❑ _____
Cousins Subs Systems, Inc.
N83 W13400 Leon Road
Menomonee Falls, WI 53051
(262) 253-7700

❑ Name of Franchise Seller: _____
Principal Business Address: _____
Telephone Number: _____

Cousins Subs Systems, Inc. authorizes the respective state agencies identified on Exhibit 2 to receive service of process for Cousins Subs Systems, Inc. in the particular state.

I have received a disclosure document issued on March 24, 2023 that included the following Exhibits:

1	Additional State-Specific Disclosures and Riders		I-1	Franchisees Who Have Left the System
2	State Administrators/Agents for Service of Process		I-2	Non-Operational Franchisees
A	Financial Statements		J-1	Qualification Form
B	Franchise Agreement		J-2	Qualification and Deposit Agreement
C	Multi-Unit Development Agreement		K	Confidential Operations Manual – Table of Contents
D	Management Agreement		L	Representations and Acknowledgment Statement
E	Lease Addendum		M	Sample General Release
F	Equipment Lease Agreement		N	Consent to Transfer
G	Renewal Addendum to Franchise Agreement		O	Receipts
H	List of Franchisees			

_____ _____ _____
Date Signature Printed Name

Please sign this copy of the receipt, print the date on which you received this disclosure document, and return it, by mail or facsimile, to Cousins Subs Systems, Inc., N83 W13400 Leon Road, Menomonee Falls, Wisconsin 53051. Phone: (262) 253-7700, Facsimile: (262) 253-7710.

RECEIPT
(YOUR COPY)

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 Cousins Subs Systems, Inc. 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, Cousins Subs Systems, Inc. or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this Disclosure Document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must 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.

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Date Signature Printed Name

Please sign this copy of the Receipt, print the date on which you received this disclosure document and keep it for your records.