

FRANCHISE DISCLOSURE DOCUMENT



EARL OF SANDWICH (USA), LLC

A Florida Limited Liability Company

4700 Millenia Boulevard, Suite #400

Orlando, Florida 32839

877.426.3275

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The franchisee will operate a fast casual restaurant under the name “Earl of Sandwich” offering a limited menu of breakfast, lunch and dinner products and featuring sandwiches, soups, wraps, salads, desserts and related food items (“Earl of Sandwich Restaurant”).

The total investment necessary to begin the operation of an Earl of Sandwich Restaurant is \$319,500 to \$600,500. The total investment necessary to begin the operation of an Earl of Sandwich Restaurant at a Nontraditional Location is \$315,000 to \$656,000. These estimates include \$28,000 to \$31,000 that must be paid to us. If you sign a Development Agreement to develop multiple Earl of Sandwich Restaurants you must pay us a Development Fee in the amount of \$25,000 for each Restaurant that you commit to develop. There is no minimum number of Earl of Sandwich Restaurants that you are required to develop under the Development Agreement. The Development Fee is credited against the Application Fee and Initial Franchise Fee (which total \$25,000) that is payable under the Franchise Agreement. These estimates do not include the cost of real estate or of obtaining a liquor license.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our General Counsel and Secretary, Jeffrey C. Sirolly, at 4700 Millenia Boulevard, Suite #400, Orlando, Florida 32839, or (877) 426-3275.

The terms of your franchise agreement will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your franchise agreement. Read all of your franchise agreement carefully. Show your franchise agreement 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 by calling 1-877-FTC-HELP or writing 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: December 8, 2022

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 Exhibit L.
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 H 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 Earl of Sandwich business in my area?	Item 12 and the "territory" provisions in the franchise 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 an Earl of Sandwich franchisee?	Item 20 or Exhibit L 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 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 A.

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 Development Agreement require you to resolve disputes with us by litigation only in the federal or state court having jurisdiction where our principal offices are located, which currently is Orlando, Florida. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with us in Florida than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement and Development Agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “we,” “us” or “EOS” means Earl of Sandwich (USA), LLC, the franchisor. “You” means the person or legal entity who buys the franchise. If you are a corporation, a partnership or a limited liability company, certain provisions of this disclosure document also apply to your owners and will be noted.

EOS is a Florida limited liability company formed on June 17, 2004. Our principal place of business is 4700 Millenia Boulevard, Suite #400, Orlando, Florida 32839. We do business under the name “Earl of Sandwich.” We have offered Earl of Sandwich franchises since August 2004. Our agents for service of process in various states are listed in Exhibit A. We do not currently operate any Earl of Sandwich Restaurants; however, as of December 26, 2021, our wholly owned subsidiaries operated 7 Earl of Sandwich Restaurants. As of December 26, 2021, there were 24 franchised Earl of Sandwich Restaurants in the United States and 6 franchised international Earl of Sandwich Restaurants. We have not conducted business in any other line of business.

Earl of Sandwich Restaurants. In this disclosure document, EOS is offering the opportunity to become a franchisee to develop and operate Earl of Sandwich Restaurants. Earl of Sandwich Restaurants are fast casual restaurants featuring hot sandwiches, which are made to order using our own freshly made artisan baked loaf filled with freshly sliced meats and unique sauces and spreads. Earl of Sandwich Restaurants also offer fresh tossed salads, wraps, soups, grab and go items, dessert items and an array of beverages. Earl of Sandwich Restaurants also may offer alcoholic beverages, catering and delivery services to businesses and individuals in their neighborhood, and drive-thru service.

Earl of Sandwich Restaurants operate according to a distinctive format and appearance and distinguishing operating procedures (“System”). We identify the System by means of the “Earl of Sandwich” name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs (collectively, “Proprietary Marks”) that we have designated, or may in the future designate, for use with the System. The Earl of Sandwich Restaurant concept derives its name from John Montagu, the 4th Earl of Sandwich who created the sandwich in 1762. Under a License Agreement dated February 21, 2008 with Earl of Sandwich (FamilyCo) AG (“EOS (FamilyCo)”), a Swiss corporation, and Earl of Sandwich (LicenseCo) Ltd. (“EOS (LicenseCo)”), an English corporation, we have the exclusive right to use and permit our franchisees to use the name and mark “Earl of Sandwich,” in addition to certain related trademarks, service marks and other commercial symbols anywhere in the world.

Earl of Sandwich Restaurants have a standard image, color scheme and interior design and layout, which includes unique architectural features, although each restaurant is tailored to meet local needs and preferences, which may be unique to the particular location. Earl of Sandwich Restaurants will generally be located in urban and heavily populated suburban areas, preferably in close proximity to office areas and high volume shopping and trade centers and may be developed as in-line, end cap, free-standing, drive-thru locations. A typical Earl of Sandwich Restaurant includes a food preparation area, a seating area and a small display and merchandising counter. The standard décor features of an Earl of Sandwich Restaurant include the hot sandwich line, salad station, menu boards, wall/ceiling displays and graphics, and floor coverings.

We have described our mandatory and recommended standards and procedures in a confidential Operations Manual (“Manual”). We will loan you one copy of the Manual for the term of your franchise. We retain the right to change the Manual and the elements of the System periodically.

When you are evaluating whether to purchase an Earl of Sandwich franchise, you will acquire confidential information about the System. You must sign a Confidentiality Agreement, which is attached as Exhibit B, before we will provide access to this information.

You can buy a franchise to develop and operate one franchised Earl of Sandwich Restaurant (“Franchised Restaurant”) at a site approved by us (“Franchised Location”) by signing a Franchise Agreement (Exhibit E) and paying the Application Fee and the Initial Franchise Fee, which are described in Item 5. You may not acquire any interest in a site for the Franchised Restaurant until you have been approved as a franchisee and we have approved the site in writing. If you and the area in which you are interested meet certain qualifications, you can buy the rights to develop multiple Franchised Restaurants within a geographic area (“Development Territory”) by signing a Development Agreement (Exhibit D) and paying the Development Fee, which is described in Item 5. There is no minimum number of Earl of Sandwich Restaurants that you are required to develop under the Development Agreement. If you are developing a Franchised Restaurant under a Development Agreement, you will sign our then-current form of Franchise Agreement (which may differ from the form of Franchise Agreement included as Exhibit E) within 90 days after we approve the site for the Franchised Restaurant. When we approve your application to become an Earl of Sandwich restaurant franchisee, and prior to our preparation of your Franchise Agreement or Development Agreement, you will sign the Agreement Request Form attached as Exhibit C and pay the Deposit Fee described in Item 5.

Your receipt of this disclosure document does not mean that you will be approved as a franchisee or that you may develop or open a Franchised Restaurant. Before you may develop and open a Franchised Restaurant, we must approve you as a franchisee, you and we must sign the Franchise Agreement, we must approve the site of your proposed Franchised Restaurant, and you must attend and successfully complete our initial manager training program.

Nontraditional Restaurants. You can also purchase a franchise to develop and operate an Earl of Sandwich Restaurant at a “Nontraditional Location,” which includes airports, train stations, bus stations, service plazas, stadiums, arenas, convention centers, military facilities, gas stations, convenience stores, schools, colleges, universities, hospitals, theme parks, office buildings, food courts, venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, Indian reservations, casinos or any similar captive market location. A “Nontraditional Restaurant” means an Earl of Sandwich Restaurant developed at a Nontraditional Location.

If you buy a franchise to develop and operate a Nontraditional Restaurant, after we have approved the site, you will sign a Franchise Agreement (Exhibit E) and an Addendum to Franchise Agreement for a Nontraditional Location (“Nontraditional Location Addendum”) (Exhibit F) and pay the Application Fee and the Initial Franchise Fee. The Nontraditional Location Addendum will identify the larger building (“Facility”) in which the Nontraditional Restaurant will be located. The Nontraditional Location Addendum also will identify the portion of the Facility in which the Nontraditional Restaurant will be located. All references in this disclosure document to “Nontraditional Restaurant” or “Nontraditional Location” refer only to your operation of that portion of the Facility that is occupied by the Earl of Sandwich Restaurant. Unless otherwise noted, in this disclosure document, all references to a “Franchised Restaurant” or “Franchised Location” also will include a Nontraditional Restaurant or Nontraditional Location, respectively.

Market and Competition. We believe the market for fast casual restaurants is either “developed” or “developing,” depending on the specific geographic area. Your customers will be the general public. You will compete with other local, regional and national fast casual, quick service, and take-away food service outlets and chains serving sandwiches in the \$6.99 to \$10.99 price range for lunch and dinner. Many of our competitors have a substantially greater number of restaurant units and greater resources and

recognition than our organization. You may be in direct competition with other fast casual and quick service outlets serving similar types of menu items, including oven-baked subs, sandwiches, soups, salads and hamburgers.

Industry-Specific Laws and Regulations. We are not aware of any laws or regulations applicable to an Earl of Sandwich Restaurant that would not apply to restaurant businesses generally. You must comply with all applicable local, state and federal laws and regulations, including health, sanitation, food handling, food preparation, menu labeling, waste disposal, smoking restrictions, alcoholic beverage restrictions, discrimination, labor, employment, sexual harassment and advertising laws. Some laws require point of sale disclosures, including statements concerning nutritional and dietary characteristics of the food served at your Franchised Restaurant. There are other laws and regulations applicable to businesses generally (such as the Americans with Disabilities Act) with which you must comply. You should consult with your attorney concerning these and other laws and ordinances that may affect the operations of your Franchised Restaurant. You also must obtain all applicable real estate permits and licenses and operational licenses.

Some states limit the available number of liquor licenses. In such markets you are likely to be required to pay grossly inflated prices on the secondary market to obtain a liquor license. The purchase of a liquor license may substantially increase your required initial investment.

Our Parent, Predecessors and Affiliates.

We do not have any affiliates that provide products or services to our franchisees. We do not have a parent company or any predecessors.

Our affiliate, Chicken Guy (Franchisor), LLC (“Chicken Guy”), has offered franchises for Chicken Guy! restaurants since June 2019. Chicken Guy has not offered franchises in any other line of business. Chicken Guy shares our principal business address. As of December 26, 2021, Chicken Guy’s affiliate operated three Chicken Guy! restaurants and there was one franchised Chicken Guy! Restaurant.

Except as noted above, we have no parent, predecessors or affiliates that are required to be disclosed in this Item.

**ITEM 2
BUSINESS EXPERIENCE**

Chairman: Robert Earl

Mr. Earl has served as our Chairman since June 2004. He has served as Chairman of Chicken Guy since May 2019. He also has served as Founder, Chairman and CEO of Planet Hollywood International, Inc. since October 1991 and the Earl Enterprises® group of companies (which currently include Planet Hollywood, Buca di Beppo, Bertucci’s, Earl of Sandwich, Brio Italian Grille, Bravo Italian Kitchen, TooJay’s, Seaside on the Pier, and Café Hollywood) in Orlando, Florida since October 1991.

President: John Thall

Mr. Thall has served as our President since March 2020. He has served as President of Planet Hollywood International, Inc. (“Planet Hollywood”) since November 2017 and as Vice President of Development for Chicken Guy since May 2019, both in Orlando, Florida. He served as Senior Vice President of Business Development of Planet Hollywood from August 2010 to November 2017.

Treasurer and Vice Chairman: Thomas Avallone

Mr. Avallone has served as our Treasurer since March 2012. Mr. Avallone served as Chief Financial Officer of EOS from June 2004 to March 2011 and also from March 2012 to July 2012. He also has served as Chief Financial Officer of EOS (Orlando) since April 2003 and Executive Vice President and Chief Financial Officer of Planet Hollywood in Orlando, Florida since September 1994. Mr. Avallone has also served as President and Secretary of BUCA, Inc. in Orlando, Florida from December 2008 to February 2012 and from March 2013 to the present date. Mr. Avallone has also served as Vice Chairman for us and for several of the Earl Enterprises® group of companies in Orlando, Florida since March 2012 (including Planet Hollywood, Buca di Beppo, Bertucci's, Brio Italian Grille, Bravo Italian Kitchen, TooJay's, Seaside on the Pier, and Café Hollywood,) and for Chicken Guy since May 2019.

Chief Sales and Marketing Officer: Trish Giordano

Ms. Giordano has served as our Chief Sales and Marketing Officer since July 2018. She has held this same position with several of the Earl Enterprises® group of companies in Orlando, Florida since July 2018 and with Chicken Guy since May 2019 in Orlando Florida. She has served as Executive Vice President of Sales & Marketing of the Earl Enterprises® group of companies in Orlando, Florida from 1994 to July 2018.

Vice President of Brand Marketing: Robyn Peot

Ms. Peot has served as our Vice President of Brand Marketing since May 2009. She also has served as Vice President of Brand Marketing for the Earl Enterprises® group of companies since May 2009 and for Chicken Guy since May 2019 in Orlando, Florida.

Vice President of Purchasing: Fred Dudley

Mr. Dudley has served as our Vice President of Purchasing since July 2018. He also has served as Vice President of Purchasing for the Earl Enterprises® group of companies since July 2018 and for Chicken Guy since May 2019 in Orlando, Florida. From August 2010 to July 2018, he served as Director of Global Procurement for Bloomin' Brands Inc. in Tampa, Florida.

General Counsel and Secretary: Jeffrey C. Sirolly

Mr. Sirolly has served as our General Counsel since January 2019 and as our Secretary since March 2020. Mr. Sirolly served as our Deputy General Counsel from April 2017 through December 2018. Mr. Sirolly also has served as General Counsel and Secretary for the Earl Enterprises® group of companies since January 2019 and for Chicken Guy since May 2019 in Orlando, Florida. He served as Vice President of Legal for CNL Financial Group in Orlando, Florida from September 2013 to April 2017.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

In re Bertucci's Restaurants, LLC, Case No. 6:22-bk-04313 (Bankr. M.D. Fla.). Our affiliate, Bertucci's Restaurants, Inc. ("Bertucci's") filed a petition to reorganize under Chapter 11 of the U.S.

Bankruptcy Code on December 5, 2022. Our Treasurer and Vice Chairman, Thomas Avallone, serves as Manager and President for Bertucci's and our General Counsel and Secretary, Jeffrey Sirolly, serves as Secretary for Bertucci's.

Other than the one matter noted above, no bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Development Agreement

You must pay a Development Fee in the amount of \$25,000 for each Franchised Restaurant that you agree to develop when you sign the Development Agreement. The Development Fee is not refundable, but will be credited against the Initial Fees (including the Application Fee and Initial Franchise Fee), which are payable to us under each Franchise Agreement that you sign under the Development Agreement. The aggregate amount of the Initial Fee credits will not exceed the Development Fee. There is no minimum number of Earl of Sandwich Restaurants that you are required to develop under the Development Agreement. The Development Fee is typically paid in one lump sum; however, in certain circumstances, we may permit developers to pay the Development Fee in installments.

Franchise Agreement

When you sign the Franchise Agreement, you shall pay the following Initial Fees: (1) an Application Fee in the amount of \$10,000 for our upfront costs associated with site selection, development and training; and (2) an Initial Franchise Fee in the amount of \$15,000 to use the System and the Proprietary Marks during the term of the Franchise Agreement. The Initial Fees are fully earned by us when paid and are not refundable.

Deposit Fee

When we approve your application to become an Earl of Sandwich restaurant franchisee, and prior to our preparation of your Franchise Agreement or Development Agreement, you will sign the Agreement Request Form attached as Exhibit C and pay a Deposit Fee in the amount of \$2,500. The Deposit Fee is not refundable, but will be credited against the Application Fee under the Franchise Agreement or the Development Fee under the Development Agreement, as applicable.

Veterans Discount.

Under our veterans program, if you (or a holder of at least a 51% ownership interest in your franchisee entity) provide us with a DD Form 214 or other adequate documentation, as determined by us, demonstrating honorable discharge from the United States military and you sign a Franchise Agreement to develop and operate a new Franchised Restaurant, then we will reduce your Application Fee due under the Franchise Agreement by \$5,000. You will sign a Veterans Addendum to the Franchise Agreement, a copy of which is attached as Exhibit M. If, prior to the first anniversary of the opening date of the Franchised Restaurant, (1) you transfer the Franchised Restaurant, or (2) we terminate the Franchise Agreement, you must pay us the \$5,000 that we waived under the veterans program as a condition of the transfer.

Team Member Training

If you postpone or delay team member training based on your failure to obtain a certificate of occupancy or for any other reason, you must reimburse us for any additional costs and expenses, including

the salaries and wages for our trainers during the period of such delay. If the Franchised Restaurant is not your first Earl of Sandwich Restaurant and if you request that we conduct the team member training for non-management staff, you must upon receipt of an invoice from us pay all reasonable expenses incurred by us in connection with such on-site training, including without limitation, travel expenses, lodging accommodations and other reasonable expenses of all such persons sent to the Franchised Restaurant in connection with the on-site training of the Franchised Restaurant employees. These expenses will range from \$3,000 to \$6,000 per week (for one to two trainers).

* * *

The Deposit Fee, Development Fee, Application Fee, and Initial Franchise Fee are typically uniform for all franchisees.

ITEM 6 OTHER FEES

TYPE OF FEE ⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Royalty	6% of Gross Sales	Within five days after the end of each fiscal week	You must participate in our electronic funds transfer program to pay your royalty fees and other fees (See Note 2). See Note 3 for the definition of Gross Sales. See Note 4 if you operate a Nontraditional Restaurant.
Weekly Marketing Obligation	Currently 3% of Gross Sales	See below	Currently, your Weekly Marketing Obligation consists of your contribution to the Brand Fund (1% of Gross Sales up to a maximum annual contribution of \$30,000) and your Local Store Marketing expenditures (2% of Gross Sales). We reserve the right to increase your Weekly Marketing Obligation and we may reallocate the Weekly Marketing Obligation among the Brand Fund, a Regional Advertising Fund (or Regional Co-Op) and Local Store Marketing. The advertising fees and advertising funds are further described in Item 11. Your Weekly Marketing Obligation will not exceed 5% of Gross Sales.
Additional Training	We do not currently charge these fees; however we may set a tuition fee for additional training programs that we develop in the future. You also must reimburse us for our costs and expenses incurred for developing,	Within 30 days of receipt of invoice	We have the right to require certain designated employees to attend training programs in addition to the initial manager training program. You must pay all travel, living, food and other incidental expenses incurred by your employees while attending training.

TYPE OF FEE⁽¹⁾	AMOUNT	DUE DATE	REMARKS
	compiling and distributing any additional training materials, if requested by you.		
Audit and Inspection Costs	Deficiency in royalty fees and advertising contributions, plus interest.	Within ten days after receipt of the audit or inspection report	The interest rate is the same as the interest rate for late payments. If an inspection or audit is made necessary by your failure to furnish reports or supporting records, or to furnish such reports, records or information on a timely basis, or if there is an understatement of Gross Sales of greater than 2%, in addition to the understated royalty fees and advertising contributions, you also must pay the reasonable costs of the audit or inspection.
Collection Costs and Expenses	Our costs and expenses	On demand, if required	These costs and expenses include, but are not limited to, costs and commissions due a collection agency, reasonable attorneys' fees, costs incurred in creating or replicating reports demonstrating Gross Sales of the Franchised Restaurant, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing.
Costs and Attorneys' Fees	Our costs and expenses	As incurred	If we prevail in litigation regarding enforcement of the terms of any agreement, you must pay our attorneys' fees and costs.
Gift Card Reconciliation	Total amount of gift cards sold from Franchised Restaurant	Monthly	On a monthly basis, you must pay us the total amount of any gift cards sold from your Franchised Restaurant and we will reimburse you for the amount of any gift cards redeemed at your Franchised Restaurant.
Indemnification	Our and our affiliates' losses and expenses	As incurred	You must indemnify and hold us and our affiliates harmless in all actions arising out of or resulting from the development or operation of your Franchised Restaurant (and, for a Nontraditional Restaurant, your other businesses at the Facility) excluding any gross negligence or willful misconduct by an indemnitee.

TYPE OF FEE⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Interest	Interest on the amount owed from the date due until paid	When any payment is overdue	The interest rate is the maximum rate permitted for indebtedness of this nature in the state in which the Franchised Restaurant is located not to exceed 1.5% per month (or a portion of a month). See Note 2 for additional information regarding the payment of interest charges.
New Product and Supplier Testing	Reasonable cost of inspection and actual cost of testing	As incurred	If you request our authorization to sell new products or use an alternate supplier of products or services, you must pay our reasonable expenses to evaluate the supplier. See Item 8.
Reimbursement of Insurance Costs	Our out-of-pocket costs of obtaining coverage	Immediately upon receipt of invoice	If you fail to procure or maintain the required insurance, we may procure the insurance and charge its cost along with our out-of-pocket expenses to you.
Relocation	Our reasonable expenses and an agreed minimum royalty fee during the period in which the Franchised Restaurant is not in operation	On demand, if required	You may not relocate the Franchised Restaurant without our prior written consent.
Renewal Fee	\$5,000	At the time you sign the renewal franchise agreement	The renewal fee is in addition to any costs for remodeling that we may require as a condition of renewal.
Software Licenses and Updates	Actual cost of license fee and updates	As incurred	You must purchase and use any new or upgraded proprietary software programs, system documentation manuals and other proprietary materials that we may develop or designate for use in the System in the future.
Taxes	Our expenses	Within 30 days of receipt of invoice	You must reimburse us for any taxes, fees or assessments imposed on us for acting as franchisor or licensing the Proprietary Marks.
Transfer	\$10,000	Prior to consummation of transfer	We have the right to approve all transfers. There is no fee if you transfer an agreement to a corporation or limited liability company that your owners control.

TYPE OF FEE⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Website Fee	\$0 - \$1,000	As incurred	Although we do not currently do so, in the future we may charge you a fee for developing, reviewing and approving your website and/or for hosting the website.
Early Termination Damages	Amount of the average weekly Royalty Fees that you owed for the one year period prior to termination, multiplied by the lesser of 104 weeks or the number of weeks remaining in the term of the Franchise Agreement	Within 30 days following the termination	Payable if you default on your obligations and we terminate the Franchise Agreement prior to the expiration of the Initial Term.

NOTES

- (1) Unless otherwise noted, all fees are imposed by and payable to us and are non-refundable. Generally, all fees are uniformly imposed on our franchisees, however, in certain unique circumstances, we may reduce or waive a fee for a particular franchisee for a limited period of time.
- (2) You must participate in our electronic funds transfer program authorizing us to utilize a pre-authorized bank draft system. All royalty fees and other amounts owed to us under the Franchise Agreement, including advertising fees, where applicable, and interest charges, must be received by us before 5:00 p.m. on the 5th day after the end of each fiscal week or at a later point, or due date, specified by us. No later than 30 days prior to opening, you must designate an account at a commercial bank and furnish to us all authorizations (including the ACH Authorization form attached as Exhibit C to the Franchise Agreement) necessary to permit us to make withdrawals by electronic funds transfer.
- (3) Gross Sales include all revenue from the sale of all food products, beverages and all other income of every kind and nature related to the Franchised Restaurant (including the redemption value of stored value gift cards and gift certificates when purchases are made) whether for cash or credit and regardless of collection in the case of credit, monies or credit received from the sale of food and merchandise, from tangible property of every kind and nature, promotional or otherwise, and for services performed from or at the Franchised Restaurant, including, but not limited to, such off-premises services as catering and delivery. Gross Sales do not include sales taxes or other taxes collected from customers for transmittal to the appropriate taxing authority, promotional discounts and coupons, the value of any employee discounts provided to your bona fide employees during the fiscal week in which the discounts are provided, all proceeds from the sale of gift certificates or stored value cards, customer refunds made in good faith to customers, or the sale of equipment used in the operation of the Franchised Restaurant.

If any law prohibits us from receiving a percentage royalty fee based on alcoholic beverage revenues, you must pay us a royalty fee on all Gross Sales, except alcoholic beverage revenues, in the same dollar amount as would have been paid if you paid a 6% royalty fee on all Gross Sales.

- (4) If you operate a Nontraditional Restaurant and (a) beverages cannot be ordered at the Nontraditional Restaurant; or (b) your point of sale system cannot allocate to Gross Sales beverages ordered at the Nontraditional Restaurant, then you must pay a royalty fee in the amount of 8% of Gross Sales.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (1)	Amount: Nontraditional Restaurant (2)	Method of Payment (3)	When Due	To Whom Paid
Initial Franchise Fee (4)	\$15,000	\$15,000	Lump sum	See Item 5	EOS
Application Fee (4)	\$10,000	\$10,000	Lump sum	See Item 5	EOS
Grand Opening Required Spending (5)	\$7,500	\$3,000	Progress payments	As incurred	Vendors
Leasehold Costs and Building and Site Improvements (6)	\$160,000 - \$342,000	\$160,000 - \$400,000	Progress payments	As arranged	Contractor, Architect
Furnishings, Fixtures and Equipment (7)	\$75,000 - \$105,000	\$75,000 - \$105,000	As arranged	As incurred	Vendors
Signage (8)	\$3,000 - \$20,000	\$3,000 - \$20,000	As arranged	As incurred	Vendors
Point of Sale System (9)	\$15,000 - \$25,000	\$15,000 - \$25,000	As arranged	As incurred	Vendors
Technology (10)	\$1,000 - \$4,000	\$1,000 - \$4,000	As arranged	As incurred	Vendors
Graphic Items (11)	\$3,000 - \$7,000	\$3,000 - \$9,000	As arranged	As incurred	Vendors
Professional Fees (12)	\$1,000 - \$4,000	\$1,000 - \$4,000	Before opening	As incurred	Attorney, accountant, and other business advisors
Initial Manager Training (13)	\$4,000 - \$6,000	\$4,000 - \$6,000	As arranged	As incurred	Third parties
Pre-Opening Costs (14)	\$15,000 - \$40,000	\$15,000 - \$40,000	As arranged	As incurred	Vendors
Additional Funds – 3 months (16)	\$10,000 - \$15,000	\$10,000 - \$15,000	As arranged	As incurred	Vendors

Type of Expenditure	Amount (1)	Amount: Nontraditional Restaurant (2)	Method of Payment (3)	When Due	To Whom Paid
TOTAL ESTIMATED INITIAL INVESTMENT (17)	\$319,500 - \$600,500	\$315,000 - \$656,000	(Estimate does not include the cost to obtain an alcoholic beverage license which you may choose to incur. See Note 15 below.)		

NOTES

- (1) Traditional Restaurants. Earl of Sandwich Restaurants may be developed as in-line, end cap or free-standing locations. Since we have limited experience in developing free-standing Earl of Sandwich Restaurants, the figures in the table reflect the estimated initial investment for an Earl of Sandwich Restaurant located at an in-line or end cap location. If you plan to develop an Earl of Sandwich Restaurant in a free-standing location, the real estate, building and site improvement costs are likely to be significantly higher than what is included in this Item 7.
- (2) Nontraditional Restaurants. These figures reflect the estimated initial investment for a Nontraditional Restaurant. These estimates are based upon our and our franchisees' experiences in developing Nontraditional Restaurants. The estimated initial investment for a Nontraditional Restaurant will vary, depending on the type of venue, size, location, number of seats, anticipated volume, operational conditions and configuration of the Facility.
- (3) Method of Payment. Costs paid to EOS are not refundable. Whether any costs paid to third parties are refundable will vary based on the practice in the area where your Franchised Restaurant is located. If you sign a Development Agreement, the only investment required under that Agreement is payment of the Development Fee, which is described in Item 5. There is no minimum number of Earl of Sandwich Restaurants that you are required to develop if you sign a Development Agreement.
- (4) Initial Fees. The manner in which the Initial Franchise Fee and Application Fee are paid is explained in detail in Item 5.
- (5) Grand Opening Required Spending. See Item 11 for a description of your grand opening marketing obligations.
- (6) Leasehold Costs and Building Site Improvements. We expect that you will lease the location for the Franchised Restaurant, which will typically be in shopping centers and will vary in size from 600 to 900 square feet for a Nontraditional Restaurant with limited or shared seating; 1,000 to 4,000 square feet for a Nontraditional Restaurant with full seating; and 1,200 to 2,000 square feet for an in-line or end cap location. We cannot estimate the lease payments that you will make to third party lessors since these payments will vary considerably depending upon the property size, type of transaction and location. Rent amounts vary greatly depending on location, square footage, condition of premises, market conditions, your credit worthiness, tenant improvement allowances, and other factors. Any lease that you sign for the Franchised Location must contain the provisions set forth in the Franchise Agreement and the Addendum to Lease form attached as Exhibit B to the Franchise Agreement. You may be required to pay the first and last months' lease payment upon signing your lease agreement. Lease agreements may include the following expenses: taxes, insurance, maintenance, fixed rent (with escalations), percentage rent and other charges related to the operation of the Franchised Restaurant. We cannot estimate the costs to purchase real estate

for a Franchised Restaurant if you elect to purchase the site since these costs vary widely by geographic area.

The Franchised Restaurant must be established in accordance with the System. We estimate that building and site improvement costs, including permits and municipality fees, will range from \$100 to \$200 per square foot or more depending upon the condition of the property and local regulatory requirements. These building and site improvement costs include estimates for a smaller footprint prototype for in-line or end cap locations. With respect to a Nontraditional Restaurant, we estimate that building and site improvement costs, including permits and municipality fees, will range from \$200 to \$700 per square foot or more depending upon the condition of the property and local regulatory requirements. The higher end of the estimate reflects higher development costs incurred in certain geographic areas. You should check with the relevant regulatory agencies to identify costs for required building permits, impact fees, taxes, bonds, licenses and other fees, which can vary greatly depending on location, size, condition, market condition, and other factors.

- (7) Furnishings, Fixtures and Equipment. You must purchase certain items of furniture, fixtures, equipment and smallwares as required by the Franchise Agreement and the Manual. You may be able to lease from or finance through a third party a portion of these purchases; however, you should expect to make a down-payment ranging between 40% and 50% of the cost.
- (8) Signage. The type of signage installed is governed by local ordinances regarding height and size restrictions. The typical signage package includes a minimum of one large exterior facial sign, one exterior banner sign, digital menu boards, marked awnings, and an interior and directional signage package.
- (9) Point of Sale System. The point of sale system requirements are described in Item 11.
- (10) Technology. These costs include charges to set up your technology systems including the online ordering program, gift and loyalty card programs and music system. This estimate does not include on site store POS configuration.
- (11) Graphic Items. This estimate includes the interior and exterior art package, which may include wall treatments, vinyl graphics, prints and pictures as specified in the Manual.
- (12) Professional Fees. These figures represent the estimated costs of engaging an attorney or other business professionals to review this disclosure document and the accompanying agreements, assist you in organizing a business entity and help you obtain required licenses and permits.
- (13) Initial Manager Training. These costs include transportation, lodging, food and other incidental expenses for you and your employees during training. The amount of these expenses will depend on the distance you and your employees travel, type of accommodations, the number of your employees attending training and their wages.
- (14) Pre-Opening Costs. These costs include utility deposits, installation of telephones, data transfer lines, business licenses, uniforms, office and cleaning supplies and other prepaid expenses. It also includes a range of \$15,000 to \$25,000 for the initial inventory of food and paper.
- (15) Alcoholic Beverage License. If you elect to obtain an alcoholic beverage license to serve wine and beer at your Franchised Restaurant, which is not required, you can expect to pay between \$10,000 and \$200,000. The cost of these licenses varies greatly from jurisdiction to jurisdiction depending on the licensing authority involved and the local alcoholic beverage license resale market, if any.

Some states limit the available number of alcoholic beverage licenses. In such markets you are likely to be required to pay grossly inflated prices on the secondary market to obtain a license and you may decide not to offer alcoholic beverages at your Franchised Restaurant.

- (16) Additional Funds - Three Months. These figures are an estimate of the additional funds that you may require for operating expenses during the initial three months of business. They include payroll, taxes, insurance, food, paper, supplies, utilities, music service fees, gift and loyalty program fees, online ordering fees, technology maintenance and support fees, licenses and permits, bank charges and repair and maintenance expenses. They do not include advertising or royalty fee payments made to us. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. We relied on our experience with our company-operated Earl of Sandwich Restaurants and information provided to us by our franchisees to derive our estimates for these additional funds.
- (17) Total Estimated Initial Investment. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer any financing directly or indirectly for any part of the initial investment.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Equipment and Supplies

We have the right to require that you: (1) purchase those proprietary food products that will be prepared by or for Earl of Sandwich Restaurants according to our proprietary special recipes and formulas (“proprietary products”) only from us or a third party designated and licensed by us to prepare and sell such products (“designated suppliers”); (2) use the proprietary products only in accordance with the Manual and for items sold at the Franchised Restaurant; and (3) purchase from manufacturers, distributors, vendors and suppliers approved by us (“approved suppliers”) all other goods, food products, ingredients, spices, seasonings, mixes, beverages, materials and supplies used in the preparation of products, as well as advertising materials, furniture, fixtures, equipment, smallwares, menus, menu boards, forms, paper and plastic products, packaging or other materials that meet our standards and specifications. We have the right to require that you use only certain brands and to prohibit you from using other brands. We may from time to time modify the list of approved brands (including certain brands of soft drinks and bottled beverages), and you may not, after receipt of such modification in writing, reorder any brand that is no longer an approved brand. We may from time to time modify the list of designated suppliers and/or approved suppliers, and you may not, after receipt of such modification in writing, order any proprietary products from a supplier who is no longer a designated supplier or order any goods or materials from a supplier who is no longer an approved supplier. Neither we nor any of our affiliates are currently designated or approved suppliers of any products.

Our standards and specifications for Earl of Sandwich Restaurants are contained in the Manual. A list of approved suppliers is available upon written request. We estimate that the purchase of products that are subject to our standards and specifications represents approximately 100% of your overall purchases in establishing and operating the Franchised Restaurant. We do not provide material benefits to our franchisees (such as renewal or granting additional franchises) based on their purchase of particular products or services or based on their use of a particular supplier.

We may earn revenue or other material consideration from required purchases or leases by franchisees in the future although we do not currently supply any products to our franchisees. We did not earn any revenue in our last fiscal year from the sale of products by us to our franchisees. We may negotiate

system-wide purchasing arrangements, including pricing terms, with suppliers for the benefit of all Earl of Sandwich Restaurants. We do not currently have purchasing or distribution cooperatives, but we reserve the right to establish them. None of our officers owns an interest in any of our suppliers.

We may earn money from the suppliers based on your purchases in the form of rebates, commissions, or other payments. We have entered into a contract with PepsiCo Sales, Inc. ("Pepsi") under the terms of which Pepsi is the exclusive fountain beverage supplier for Earl of Sandwich Restaurants. Pepsi has agreed to pay a rebate to us in the amount of \$5.50 for each gallon of postmix products purchased by company-operated (excluding the Earl of Sandwich Restaurants located in Anaheim and Orlando) and franchised Earl of Sandwich Restaurants. We use these rebated monies for marketing programs conducted in conjunction with Pepsi. Pepsi has also agreed to provide payment to us for each gallon purchased for various other funds – including the conference fund and growth fund.

Except as described in this Item 8, we do not provide any material benefits to you based on your use of designated or approved suppliers.

Supplier Approval Process

We may approve one or more suppliers or distributors for any goods or materials, and we may approve a supplier or distributor only as to certain goods or materials. Approval of a supplier or a distributor may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, sanitation standards, facility standards, insurance and other quality assurance requirements or other criteria, and concentration of purchases, as set forth above, and such approval may be rescinded or provided on a temporary basis pending our further evaluation of the supplier. We may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for any group of Earl of Sandwich Restaurants or any other group of restaurants operated or franchised by us or our affiliates. We may establish commissaries and distribution facilities owned and operated by us or an affiliate that we will designate as an approved supplier.

If you propose to purchase any goods or materials (that you are not required to purchase from us, our affiliates or designated suppliers) from a supplier that we have not previously approved, you must submit to us a written request for such approval, or you must request that the supplier do so. We will provide our standards and specifications to you or to the proposed supplier, subject to the supplier's execution of a confidentiality agreement in a form acceptable to us. We have the right to require, as a condition of approval, that our representatives be permitted to inspect the supplier's facilities and that such information, specifications and samples as we reasonably designate be delivered to us and/or to an independent, certified laboratory designated by us for testing prior to granting approval. In addition to product testing, a facility audit may be required. A fee not to exceed our actual costs of reviewing the supplier or distributor and auditing the facility, if needed, may be charged by us and shall be paid by you. We will notify you within 60 days after receipt of your request as to whether you are authorized to purchase such products from that supplier, and if such authorization is granted, you may contract with the approved supplier. We may periodically require that the testing be performed again at your expense to ensure continued compliance with our specifications.

Technology Equipment

You must obtain and install at your expense a technology system, including such data processing equipment, computer hardware, software, point of sale system, required dedicated telephone lines, broadband and wireless Internet connections, modems, printers and other computer related accessory or peripheral equipment as we may specify in the Manual or otherwise in writing. You must record all transactions at the Franchised Restaurant on a point of sale system that is fully compatible with our

technology system and that includes an information interface capability to communicate electronically with our technology system to provide us with continuous transaction level point of sale data. You must utilize any proprietary software programs, system documentation manuals and other proprietary materials provided by us in connection with the operation of the Franchised Restaurant. You must input and maintain in your computer the software programs, data and information as we prescribe. You must purchase from us or our designated suppliers, at prices and upon terms that we determine, the applicable proprietary software programs, manuals and/or computer-related materials if and when we decide to use new or upgraded programs, manuals and/or materials throughout the System. We do not currently receive any payments in connection with these items.

Insurance

You must maintain in full force and effect throughout the term of your Development Agreement and your Franchise Agreement that insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Restaurant(s), which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by us. We, and any entity with an insurable interest designated by us, shall be an additional insured in all liability policies (except workers compensation) to the extent each has an insurable interest. We may reasonably increase the minimum coverage required and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances. You will receive written notice of such modifications and must take prompt action to secure the additional coverage or higher policy limits. All insurance policies must be written by an insurance company (or companies) satisfactory to us and must comply with our standards and specifications, which we will supply to you in writing. You must submit a certificate of insurance to us when you sign the Development Agreement or any Franchise Agreement and on each policy renewal date thereafter.

These required insurance policies include, at a minimum, the following: Comprehensive or Commercial General Liability Insurance, including coverage for bodily injury, personal injury, products liability, contractual liability, broad form property damage, non-owned automobiles and completed operations on an occurrence basis with policy limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate; All Risks Property Insurance for fire and related peril (including floods and earthquakes where applicable) with limits of insurance of not less than the full replacement value of the Franchised Restaurant, its furniture, fixtures, equipment, inventory and other tangible property; Business Interruption and Extra Expense Insurance, including rental payment continuation for a minimum of 12 months, loss of profits and other extra expenses experienced during the recovery from property loss; Plate Glass Insurance for replacement of glass from breakage; Employer's Liability Insurance in the amount of \$250,000 per person, \$1,000,000 in the aggregate and \$100,000 for occupational disease; Liquor Liability Insurance for bodily injury and property damage on an occurrence basis with policy limits of not less than \$1,000,000, to the extent that we have approved the sale of alcoholic beverages at the Franchised Restaurant; Workers' Compensation and such other insurance as may be required by statute or rule of the state or locality in which the Franchised Restaurant is located, including coverage for all of your employees who participate in any of the training programs; Builder's All Risks Insurance in connection with new construction or substantial renovation, refurbishment or remodeling of the Franchised Restaurant; Automobile Liability if you are engaged in any delivery operations with coverage on a Symbol 1 (any auto) basis in the amount of \$1,000,000 per occurrence on any auto; Cyber-Liability Insurance with a minimum limit of \$1,000,000 to include coverage for business interruption loss, cyber extortion, data recovery costs and data and network liability; and Umbrella or Excess Liability Insurance in the amount of \$3,000,000 per occurrence and \$3,000,000 in the annual aggregate that includes the prior mentioned coverages as underlying policies. You also must maintain performance and completion bonds in forms and amounts, and written by carrier(s), reasonably satisfactory to us.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and Development Agreement. 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 DEVELOPMENT AGREEMENT (DA) FRANCHISE AGREEMENT (FA) AND NON-TRADITIONAL LOCATION ADDENDUM (NTA)	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	DA: Sections 5.B.-G. FA: Sections 3 & 4 NTA: Section 4	Items 7 & 11
b.	Pre-opening purchases/leases	DA: Sections 5.G. & 6 FA: Sections 4, 5.D., 14.B.-D. & 16 NTA: Section 4	Items 7 & 8
c.	Site development and other pre-opening requirements	DA: Sections 3 & 5 FA: Sections 3, 5 & 6 NTA: Not applicable	Items 6, 7 & 11
d.	Initial and ongoing training	DA: Section 5.H. FA: Sections 5.A. & 12 NTA: Not applicable	Items 5, 6, 7 & 11
e.	Opening	DA: Not applicable FA: Section 5.H., 6 & 13.A. & B. NTA: Not applicable	Item 11
f.	Fees	DA: Sections 3.B., 4 & Appendix B FA: Sections 7, 9, 12 & Appendices A & B NTA: Section 5	Items 5 & 6
g.	Compliance with standards and policies/Operations Manual	DA: Section 7 FA: Sections 5.D., 10, 11 & 14 NTA: Not applicable	Items 8 & 11
h.	Trademarks and proprietary information	DA: Not applicable FA: Section 15 NTA: Not applicable	Items 13 & 14
i.	Restrictions on products/services offered	DA: Not applicable FA: Section 14.B. NTA: Not applicable	Item 16
j.	Warranty and customer service requirements	DA: Not applicable FA: Section 14.H. & M. NTA: Not applicable	Item 11
k.	Territorial development and sales quotas	DA: Sections 1.A., 2 & Appendices A & B FA: Sections 1.A. & B. & Appendix A NTA: Section 2	Item 12

OBLIGATION		SECTION IN DEVELOPMENT AGREEMENT (DA) FRANCHISE AGREEMENT (FA) AND NON-TRADITIONAL LOCATION ADDENDUM (NTA)	DISCLOSURE DOCUMENT ITEM
l.	Ongoing product/service purchases	DA: Not applicable FA: Section 14.A. & B. NTA: Not applicable	Item 8
m.	Maintenance, appearance and remodeling requirements	DA: Not applicable FA: Section 14.G. NTA: Section 8	Item 11
n.	Insurance	DA: Section 6 FA: Section 16 NTA: Not applicable	Items 6 & 7
o.	Advertising	DA: Not applicable FA: Section 9 & Appendix B NTA: Section 7	Items 6 & 11
p.	Indemnification	DA: Section 16 FA: Section 26 NTA: Section 11	Item 6
q.	Owner's participation/management/staffing	DA: Section 8.G. FA: Sections 14.I. & 17.G. NTA: Not applicable	Items 11 & 15
r.	Records/reports	DA: Not applicable FA: Sections 5.F. & 8 NTA: Not applicable	Item 6
s.	Inspections/audits	DA: Not applicable FA: Sections 5.E. & H., 8.F., 13.C. & 14.F. NTA: Not applicable	Items 6 & 11
t.	Transfer	DA: Sections 9 & 10 FA: Sections 18 & 19 NTA: Not applicable	Item 17
u.	Renewal	DA: Not applicable FA: Section 2.B. NTA: Not applicable	Item 17
v.	Post-termination obligations	DA: Section 14 FA: Section 23 NTA: Not applicable	Item 17
w.	Non-competition covenants	DA: Section 12 FA: Section 21 NTA: Not applicable	Item 17
x.	Dispute resolution	DA: Section 22 FA: Section 31 NTA: Not applicable	Item 17

OBLIGATION		SECTION IN DEVELOPMENT AGREEMENT (DA) FRANCHISE AGREEMENT (FA) AND NON-TRADITIONAL LOCATION ADDENDUM (NTA)	DISCLOSURE DOCUMENT ITEM
y.	Personal Guarantee	DA: Section 8.F. FA: Section 17.F. NTA: Not applicable	Not Applicable

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, Earl of Sandwich (USA), LLC is not required to provide you with any assistance.

Our Obligations Prior To Opening

Before you open your Franchised Restaurant, we will:

1. Provide our site selection guidelines and, as you may request, a reasonable amount of consultation with respect to the guidelines. We will also provide such on-site evaluation as we may deem advisable as part of our evaluation of your request for site approval. If you are developing multiple restaurants under a Development Agreement, we will apply our then-current site selection guidelines to your site applications. (Development Agreement, § 5.B.; Franchise Agreement, § 3.B.)
2. We will advise you in writing whether we have approved a proposed site within 15 days after we receive your Real Estate Site Application, a business plan and any additional information that we may reasonably require. If we do not respond within 15 days, we will be deemed to have denied approval of the site. (Development Agreement, § 5.E.; Franchise Agreement, § 3.E.)
3. Provide you with any development training we require. (Development Agreement, § 5.H.; Franchise Agreement, § 5.A.)
4. Provide written specifications for fixtures, furnishings, equipment, signs and opening inventory and provide you with a list of designated and approved suppliers for these items. (Franchise Agreement 5.D.) Neither we nor any of our affiliates are currently designated or approved suppliers of any of these items.
5. Furnish you with prototypical plans and specifications for an Earl of Sandwich Restaurant (or Nontraditional Restaurant if applicable), including requirements for dimensions, design image, interior layout, décor, fixtures, equipment, signs, furnishings, storefront and color scheme. We may require you to engage the services of an architect, project manager and/or general contractor that have been approved by us. It will be your responsibility to have prepared all required construction

plans and specifications to suit the shape and dimensions of the Franchised Location, subject to our approval, and you must ensure that these plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. You must use only registered architects, registered engineers and professional and licensed contractors. We will provide you with written approval or disapproval of your construction plans for the proposed Franchised Restaurant and notify you within 14 days after we receive the plans whether we approve or disapprove of the plans. (Franchise Agreement, § 5.B.)

6. Provide you with a final inspection of the Franchised Restaurant, if we choose to conduct one, and provide you with express written authorization to open the Franchised Restaurant if you have complied with all conditions. (Franchise Agreement, § 5.H.)
7. Loan you a copy of our confidential and proprietary Manual, which contains information and knowledge that is unique, necessary and material to the System, including mandatory specifications and standards relating to the construction, management and operation of Earl of Sandwich Restaurants. The Manual remains our property. We may revise the contents of the Manual, and you agree to comply with each new or changed section. (Development Agreement, § 7; Franchise Agreement, § 10) The Table of Contents of the Manual as of the date of this disclosure document is attached as Exhibit G. As of that date, the Manual, contained a total of 130 pages.
8. Provide you with consultation and advice with regard to the development and operation of the Franchised Restaurant, building layout, furnishings, fixtures and equipment, plans and specifications, employee recruiting, selection and training, purchasing and inventory control and such other matters as we deem appropriate. (Franchise Agreement, § 13.A.)
9. Provide an initial manager training program to you, your Operating Principal (as defined in Item 15), your restaurant manager and any other person that we designate. The details of the initial manager training program are described later in this Item 11. (Franchise Agreement, § 12)
10. Set the resale pricing policies for menu items and products sold at Earl of Sandwich Restaurants. (Franchise Agreement, § 14.D.)

Our Obligations After Opening

During the operation of your Franchised Restaurant, we will:

1. Collect, administer and spend for advertising purposes monies paid by franchised and company-operated Earl of Sandwich Restaurants into the Brand Fund and any Regional Advertising Fund (if established). (Franchise Agreement, §§ 9.B.-F. & H.)
2. Provide you with guidelines for local advertising and promotion from time to time upon request. You must submit to us for our prior approval any local advertising and promotional materials that you purchase from a source other than us or our affiliates. (Franchise Agreement, § 9.G.)
3. We may change or modify the System, including modifications to the Manual, the menu, including menu items and menu formats, product packaging, the required equipment, the signage, the building and premises of the Franchised Restaurant (including the trade dress, décor and color schemes), the presentation of the Proprietary Marks, the adoption of new administrative forms and means of reporting and payment of any monies owed to us and the adoption and use of new or modified Proprietary Marks or copyrighted materials. (Franchise Agreement, § 11.A.)

4. Provide additional training to you and any other employees that we designate, if we decide to offer any additional training. We reserve the right to require you to pay a tuition fee for these additional training programs, and you will be required to pay all travel, living, food and other incidental expenses incurred by you and your employees while attending the training. (Franchise Agreement, § 12.B.)
5. Provide periodic advice and consultation to you in connection with the operation of the Franchised Restaurant as we deem appropriate or necessary. We will provide to you, as we deem appropriate or necessary, our knowledge and expertise regarding the System and pertinent new developments, techniques and improvements in the areas of restaurant design, management, food and beverage preparation, sales promotion, service concepts and other areas. We may provide these services through visits by our representatives to the Franchised Restaurant or your offices, the distribution of printed or filmed material or electronic information, meetings or seminars, telephone communications, electronic mail communications or other communications. (Franchise Agreement, § 13.B.)
6. Conduct inspections of the Franchised Restaurant and valuations of the products sold and services rendered as we deem appropriate or necessary. (Franchise Agreement, §§ 13.C. & 14.F.)
7. Provide a list of approved suppliers of proprietary products, goods, food products, ingredients, spices, seasonings, mixes, beverages, materials and supplies used in the preparation of products, as well as advertising materials furniture, fixtures, equipment, smallwares, menus, menu boards, forms, paper and plastic products, packaging or other materials that meet the standards and specifications that we promulgate from time to time. (Franchise Agreement, §14.B.)

Advertising

Weekly Marketing Obligation

During the term of the Franchise Agreement, your Weekly Marketing Obligation will not exceed 5% of the Gross Sales of the Franchised Restaurant. We may allocate the Weekly Marketing Obligation at our discretion between the Brand Fund, a Regional Advertising Fund (or Regional Co-op), and/or Local Store Marketing. Currently, your Weekly Marketing Obligation is 3% of Gross Sales of the Franchised Restaurant, 1% of which you must contribute to the Brand Fund and 2% of which you must spend on Local Store Marketing. We have the right, following written notice to you, to increase and reallocate the Weekly Marketing Obligation among the Brand Fund, a Regional Advertising Fund (or Regional Co-Op) and/or Local Store Marketing.

Brand Fund

We administer the Earl of Sandwich Brand Fund (“Brand Fund”). Currently, you must contribute 1% of weekly Gross Sales of the Franchised Restaurant to the Brand Fund up to a maximum annual contribution of \$30,000. We will have sole discretion to use the Brand Fund, and the monies in the Brand Fund, for any purpose that we believe will enhance, protect, and increase public recognition and perception of the System and Proprietary Marks. We will direct all programs that the Brand Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. You must participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Fund.

Among the programs, concepts, and expenditures for which we may utilize the Brand Fund monies are: (1) creative development and production of print ads, commercials, radio spots, point of purchase

materials, direct mail pieces, door hangers, and other advertising and marketing materials; (2) creative development, preparation, production and placement of video, audio, and written materials and electronic media; (3) media placement and buying, including all associated expenses and fees; (4) administering regional and multi-regional marketing and advertising programs; (5) market research and customer satisfaction surveys, including the use of secret shoppers; (6) the creative development of, and actual production associated with, premium items, giveaways, promotions, contests, public relation events, and charitable or nonprofit events; (7) creative development of signage, posters, and individual restaurant décor items including wall graphics and signage; (8) development and management of a kiosk or truck program; (9) website, extranet and/or intranet development and maintenance; (10) development, implementation, and maintenance of an electronic commerce website and/or related strategies; (11) development and implementation of search engine optimization strategies; (12) development and administration of consumer surveys, interviews and other customer satisfaction and retention policies; (13) retention and payment of advertising and marketing agencies and other outside advisors including retainer and management fees; (14) public relations and community involvement activities and programs; and (15) real estate analytics and marketing.

Vendors and suppliers also may contribute to the Brand Fund. We may produce materials in house or work with an advertising agency in developing advertising for print, Internet, and other related advertising media. During our last fiscal year, which ended on December 27, 2020, we spent Brand Fund contributions in the following approximate amounts: 58% on creative/branding, 39% on digital advertising, and 3% on print advertising.

Regional Advertising

In addition to the Brand Fund, you will pay that portion of the Weekly Marketing Obligation as we direct to any Regional Advertising Fund or, in lieu of a Regional Advertising Fund, a Regional Co-op that we may establish in the geographic area that covers your Franchised Location. We will determine the geographic area covered by a Regional Advertising Fund or a Regional Co-op based on the location of the Earl of Sandwich Restaurants in the area and the reach of print, radio and television media in the area. Company-operated and franchised Earl of Sandwich Restaurants in the geographic area covered by a Regional Advertising Fund or a Regional Co-op will be obligated to contribute to that Fund or Co-op. As of the date of this disclosure document, we have not yet established any Regional Advertising Fund or Co-op.

As noted above, in lieu of a Regional Advertising Fund for the area that includes your Franchised Location, we may establish a Regional Co-op. Monies in the Regional Co-op may be spent for the purposes determined by majority vote of the Regional Co-op on the basis of one vote for each Earl of Sandwich Restaurant in the Regional Co-op. If the members of a Regional Co-op are unable or fail to determine how to spend Regional Co-op monies, we may assume this decision-making authority following ten days' advance written notice to the Regional Co-op members.

Administration of the Funds

We, or our designee, shall direct all advertising, marketing, and public relations programs and activities financed by the Brand Fund and any Regional Advertising Fund with sole discretion over the creative concepts, materials and endorsements used in those programs and activities and the geographic, market and media placement and allocation of advertising and marketing materials.

Unless we otherwise agree in writing, advertising that is funded by the Brand Fund or any Regional Advertising Funds or Regional Co-ops must conform to those advertising and sales promotions that we specify from time to time. We, or our designee, have the right to terminate (and subsequently restart) any

of the advertising and cooperative funds and establish different advertising and/or cooperative funds. We may incorporate any advertising fund and may have a separate entity manage any advertising fund. We will not use any of the advertising funds for advertising that is principally a solicitation for the sale of franchises. We have not established an advertising cooperative or an advisory council of franchisees to provide input on advertising matters, but we reserve the right to do so in the future.

We will separately account for all of the Brand Fund and the Regional Advertising Funds that we administer; however, we are not required to segregate any of the funds from our other monies. None of the funds shall be used to defray any of our general operating expenses. We and our affiliates may be reimbursed by each fund for expenses directly related to the fund's marketing programs including conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to each fund. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all Earl of Sandwich Restaurants to each fund during the year or cause each fund to invest any surplus for future use by the fund. We will prepare an unaudited report of the operations of each fund annually, which will be available to you upon written request. Company-operated Restaurants contribute to the various advertising funds and cooperatives an amount equivalent to that contributed by comparable franchised Earl of Sandwich Restaurants. In spending advertising monies, we are not obligated to make expenditures for any franchisee that are equivalent or proportionate to that franchisee's contribution or to ensure that any particular franchisee benefits directly or on a pro rata basis from expenditure of the funds. We are not required to spend any amount on advertising in the area where your Franchised Restaurant is located.

Local Store Marketing

Currently, you must spend 2% of the Gross Sales of the Franchised Restaurant on Local Store Marketing. We do not place any local advertising materials in your market. You may purchase local advertising and promotion materials from any source that we approve. From time to time, we, or our designee, may furnish you with marketing, advertising and promotional materials at the cost of producing them, plus any related shipping, handling and storage charges. You may not modify such materials without our prior written consent. If you purchase these materials from a source other than us or our affiliates, these materials must comply with federal and local laws and regulations and with the guidelines for advertising and promotions promulgated from time to time by us or our designee and must be submitted to us or our designee at least 30 days prior to first use for approval, which we may grant or withhold in its sole discretion. All of your marketing, advertising and promotional materials must bear the Proprietary Marks in the form, color, location and manner that we prescribe. In no event may your advertising contain any statement or material which, in our sole discretion, may be considered: (1) in bad taste or offensive to the public or to any group of persons; (2) defamatory of any person or an attack on any competitor; (3) to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification; or (4) inconsistent with our public image or that of the System.

Grand Opening Advertising

At least 30 days prior to the opening of a Franchised Restaurant, you must submit a Grand Opening Required Spending Plan ("Grand Opening Plan") to us outlining your proposal for grand opening advertising of the Franchised Restaurant. (The Grand Opening Plan is in addition to your local advertising obligation.) You must obtain our consent to the Grand Opening Plan before you begin to implement it. After we consent to the Grand Opening Plan, you cannot make any substantial changes to the Grand Opening Plan without our advance written consent. You must, during the period beginning 30 days before the scheduled opening of the Franchised Restaurant and continuing until 60 days after the Franchised Restaurant first opens for business, spend at least \$7,500 (\$3,000 for a Nontraditional Restaurant) to

conduct grand opening advertising under the Grand Opening Plan. Within ten days after the end of this period, you must submit proof of your grand opening advertising expenditures to us.

Point of Sale System and Technology

You must purchase (or lease), install, and maintain, at your expense, a technology system including such data processing equipment, computer hardware, software, point of sale system, required dedicated data, telephone lines, broadband and wireless Internet connections, modems, printers and other computer-related accessories or peripheral equipment that we require. You must sign any applicable licensing agreements with third party developers or manufacturers of those systems.

Your point of sale system must be capable of recording customer transactions, collecting and generating gross sales reports allowing us to poll data and sales from the Franchised Restaurant, and collecting and generating sales reports by categories, including, but not limited to, menu mix by day-parts and order type (dine-in, to go, etc.). The system also must be capable of complying with the Payment Card Industry Data Security Standard (PCI Standards) and the Fair Credit Reporting Act, which requires that, among other things, merchants truncate credit card and debit card numbers. You must provide all assistance required by us to bring your point of sale system on-line with our technology system. We have the independent right under the Franchise Agreement to retrieve any data and information from your point of sale system that we deem appropriate, including electronically polling the daily sales, menu mix and other data of the Franchised Restaurant. There are no contractual limitations on our right to access this information and data.

Currently, we have approved the NCR Aloha point of sale system for use in Earl of Sandwich Restaurants, however we will also permit our franchisees to use a different system on a case by case basis. We estimate that it will cost you approximately \$15,000 to \$25,000 to purchase the point of sale system for your Franchised Restaurant. We may require you to replace, upgrade, or update these systems at any time during the term of the Franchise Agreement at your expense, and there is no limitation on the frequency or the cost of this obligation.

Selecting the Location for the Franchised Restaurant

We do not select the site for your Franchised Restaurant. You select the site for your Franchised Restaurant (subject to our approval). If no site has been designated at the time you sign the Franchise Agreement, you must select the site within the Site Selection Area mutually agreed to in the Franchise Agreement, and you must obtain our approval for a site before the Site Approval Deadline specified in the Franchise Agreement (which will typically be 180 days after you sign the Franchise Agreement). We may require you to engage the services of a real estate broker approved by us to assist you in identifying and securing a site for your Franchised Restaurant. If you develop the Franchised Restaurant under a Development Agreement, you must obtain our approval of a site by the site approval date identified in the Development Schedule contained in the Development Agreement. If we do not approve a site within the relevant time period, we, at our option, may terminate the Development Agreement or the Franchise Agreement, respectively. If you sign a Development Agreement, we will review your site applications for each Franchised Restaurant under the site selection criteria that we have in place when we receive your application. If you develop a Nontraditional Restaurant, you must purchase or lease the location before you sign the Franchise Agreement and the Nontraditional Location Addendum. As noted in Item 1, you should not acquire any leasehold or ownership interest in a site for your Franchised Restaurant until you have been approved as a franchisee, and we have approved the site in writing.

You must submit a Real Estate Site Application (containing that information as we may reasonably require) for a proposed site which you reasonably believe conforms to site selection criteria we establish

from time to time, including demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses (including restaurants operated or franchised by us and our affiliates), the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises. We may retain the services of third party real estate analysts to evaluate proposed sites for Earl of Sandwich Restaurants. You also must furnish us with such financial statements, business plans and other information regarding you and the development and operation of the proposed Franchised Restaurant, including, without limitation, investment and financing plans for the proposed Franchised Restaurant.

Upon receipt of your Real Estate Application and other requested materials, our Real Estate Review Committee will review those materials and evaluate the proposed site using the site selection criteria referenced above. Within 15 days after we receive the Real Estate Site Application, your business plan and any additional information that we require (and if the Franchised Restaurant is not developed under a Development Agreement, the signed Franchise Agreement and all requisite fees), we will advise you in writing whether we have approved a particular site. If we do not respond within that time period, we will be deemed to have denied approval of the site. Our approval or denial of approval of a site may be subject to reasonable conditions as determined in our sole discretion.

If you propose to lease or sublease the Franchised Location, you must provide us with a copy of the fully-executed lease or sublease (for a term, including renewal terms, for at least the initial term of the Franchise Agreement) for the Franchised Location within 90 days after we approve the site for the Franchised Location or, for a Nontraditional Restaurant, within 30 days after you sign the Franchise Agreement and the Nontraditional Location Addendum.

Time Between Agreement Signing and Opening

We estimate that the time from signing the Franchise Agreement to opening of the Franchised Restaurant is approximately eight months. Factors affecting the length of time needed to open the Franchised Restaurant usually include your ability to obtain a lease and adequate financing, weather, local requirements and procedures for necessary permits and zoning, shortages or delayed installation of equipment, signs and fixtures and special circumstances affecting construction in a particular area, none of which are within our control.

Training

Initial Manager Training Program

At least 45 days prior to opening your Franchised Restaurant, we will provide to you (or your Operating Principal) and up to two managers designated by you an initial manager training program in the operation of an Earl of Sandwich Restaurant at those times and those places that we designate. The initial manager training program will include classroom instruction and on-the-job training at a company-operated Earl of Sandwich Restaurant designated by us. Upon completion of the initial manager training program, you and your designated employees who attend the initial manager training program will take an exam, upon successful completion of which a “Certificate of Completion” will be awarded to each applicable individual, and you will be “Certified” to operate the Franchised Restaurant. We require a minimum of one certified manager for each Franchised Restaurant. We will not authorize your Franchised Restaurant to open until an adequate number of your managers (as determined by us during the construction phase in our sole discretion based on the size of your Franchised Restaurant and the planned hours of operation) have attended, successfully completed and been “Certified” in the initial manager training program. We will notify you of your trainee’s certification status at the end of the initial manager training program.

After you open the Franchised Restaurant, any employee of yours who assumes any management position must, within 30 days after assuming such position, attend the initial manager training program and become certified for that position. We will provide the initial manager training program unless we have certified an Earl of Sandwich Restaurant operated by you as a Certified Training Restaurant as discussed below. The initial manager training program is provided to share our brand operating standards with your trainees to protect the System and the Proprietary Marks and not to control the day to day operation of your Franchised Restaurant.

The length of our initial manager training program averages nine days to learn the required skills. We may increase or decrease the length of the initial manager training program at our discretion based upon your managers' prior restaurant experience and actual training success. We offer these training programs periodically during the year on an as-needed basis. The initial manager training program is scheduled so that it is completed sufficiently in advance of your Franchised Restaurant's initial opening to afford adequate time for the Franchised Restaurant set-up and the hiring and training of team members before the opening of the Franchised Restaurant. Currently, we do not charge a fee for the initial manager training program; however, you must pay all travel, living, food and other incidental expenses incurred by you and your employees while attending the training. We reserve the right to dismiss from the initial manager training program any person whom we do not believe will perform acceptably in the position for which he has been hired by you and you shall provide a suitable replacement within one month of such dismissal.

Our Director of Franchise Operations, Skyler Schmidt, directs the initial manager training program with training assistance provided by managers of Earl of Sandwich Restaurants operated by our affiliates. Mr. Schmidt has more than four years of restaurant training experience with us and more than 31 years of training experience with four other restaurant concepts.

This initial manager training program is mandatory for all franchisees. The following chart summarizes the subjects taught during the initial manager training program in the operation of an Earl of Sandwich Restaurant:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Orientation	2	0	Certified Training Restaurant
Hourly Team Member Functions	2	37	Certified Training Restaurant
Management Functions	2	24	Certified Training Restaurant
Training Assessment and Feedback	5	0	Certified Training Restaurant
Total	11	61	

The instructional materials for the initial manager training program include the Earl of Sandwich training guides, supplemental handouts and the Manual.

Team Member Training

Prior to opening the Franchised Restaurant, you or your "Certified" manager must train all newly hired team members in the operation of the Franchised Restaurant. We will not authorize your Franchised Restaurant to open until an adequate number of your employees (as determined by us in our sole discretion based on the Franchised Restaurant's size, location, hours of operation and proposed work hours per team

member) have attended and successfully completed the Team Member Training. You must conduct any additional initial and continuing training programs for your employees as we may require from time to time.

If the Franchised Restaurant is your first Earl of Sandwich Restaurant, we will conduct the team member training on-site at the Franchised Restaurant for non-management staff for seven days prior to and seven days after the date that you open the Franchised Restaurant. You must reimburse us for the reasonable travel and lodging accommodation expenses incurred by our training personnel in conducting the on-site training. We will notify you during the team member training if any staff member does not successfully complete the program.

You shall provide us written notice 30 days in advance of the scheduled opening date, and we shall have the right to rely on that date to schedule and coordinate our personnel who will assist in the team member training. You must have a certificate of occupancy, or a conditional certificate of occupancy, at least two days before the scheduled arrival of our employees. We may delay the scheduled arrival of our employees if we determine, in our sole discretion, that the Franchised Restaurant building is not safe or not ready to begin training. If the team member training date or the opening date is postponed or delayed for failure to obtain a certificate of occupancy or for any other reason and, as a direct result thereof, we incur any additional costs and expenses, you shall promptly reimburse us for those costs and expenses, including the salaries and the wages of our trainers during the period of such delay.

If the Franchised Restaurant is not your first Earl of Sandwich Restaurant and if you request that we conduct the team member training for non-management staff, you must pay all reasonable expenses incurred by us in connection with such on-site training, including without limitation, travel expenses, lodging accommodations, salaries and wages of our training personnel during any requested dates of training, and other reasonable expenses of all such persons sent to the Franchised Restaurant in connection with the on-site training of the Franchised Restaurant employees.

In connection with any on-site training at the Franchised Restaurant, if your opening date is delayed for failure to obtain a certificate of occupancy or due to regulatory or operational issues, you will be required to reimburse us for any reasonable expenses we incur in connection with: (1) any additional training related to the delays of such opening date (regardless of cause); and (2) any additional training required for team member training or re-training conducted on-site at the Franchised Restaurant.

Certified Training Restaurants

If you operate two or more franchised Earl of Sandwich Restaurants, within 90 days after you open your third Franchised Restaurant, you may request permission to establish one of your Franchised Restaurants as a Certified Training Restaurant (“CTR”) at which you will offer the initial manager training program to your employees. EOS must certify the Franchised Restaurant as a CTR before you may begin training there. We may periodically visit the CTR to ensure that it continues to meet our standards. We may revoke our certification if the CTR ceases to meet those standards.

Additional Training Programs

We have the right to require that you (or your Operating Principal), your restaurant managers, and any other employees that we designate take and successfully complete other training courses in addition to the initial manager training program. We reserve the right to require you to pay a tuition fee for these additional training programs as established by us from time to time. We also reserve the right to modify the elements of the initial manager training program and any additional training programs, in our sole discretion. You will be required to pay all travel, living, food and other incidental expenses incurred by you and your employees while attending any training program.

ITEM 12 TERRITORY

Development Agreement

If you sign a Development Agreement, you will receive a Development Territory, which will be mutually agreed upon by EOS and you, taking into consideration the density of the area and the number of Franchised Restaurants you agree to develop. A description of the Development Territory will be included in the Development Agreement. The perimeters of the Development Territory may be described by specific street boundaries, county lines, state lines, municipal boundaries, railroad tracks or other similar boundary descriptions, and the size may range from a portion of a metropolitan area to a county or a state in less densely populated areas.

The System (including the products sold under the Proprietary Marks) has been developed, and is designed, to function effectively in a wide variety of retail environments, many of which are not practically available to you. Accordingly, under the Development Agreement, we reserve to ourselves the right to: (1) operate, and license others to operate, restaurants identified in whole or in part by the name and mark “Earl of Sandwich” in the Development Territory at Nontraditional Locations; (2) award national or regional licenses to third parties to sell products under the name and mark “Earl of Sandwich” in foodservice facilities primarily identified by the third party’s trademark; (3) develop and operate, and license others to develop and operate, restaurants other than restaurants identified in whole or in part by the name and mark “Earl of Sandwich” in the Development Territory; (4) merchandise and distribute products identified by some or all of the Proprietary Marks in the Development Territory through any other method or channel of distribution; and (5) sell and distribute products identified by some or all of the Proprietary Marks in the Development Territory to restaurants other than restaurants identified in whole or in part by the name and mark “Earl of Sandwich,” provided those restaurants are not licensed to use the Proprietary Marks in connection with their retail sales.

Except as described in the preceding paragraph, we will not, during the term of the Development Agreement (which expires on the date that you sign the lease for the last Franchised Restaurant that you are required to develop under the Development Schedule) operate, or license others to operate, restaurants identified in whole or in part by the name and mark “Earl of Sandwich” in the Development Territory, provided you are in compliance with the terms of the Development Agreement and other agreements with us or our affiliates and you are current on all obligations due to us and our affiliates. This does not prohibit us or our affiliates from: (1) operating, and licensing others to operate, during the term of the Development Agreement, restaurants identified in whole or in part by the name and mark “Earl of Sandwich” at any location outside of the Development Territory; (2) operating, and licensing others to operate, after the Development Agreement terminates or expires, restaurants identified in whole or in part by the name and mark “Earl of Sandwich” at any location; and (3) operating, and licensing others to operate, at any location, during or after the Development Term, any type of restaurant other than a restaurant identified in whole or in part by the name and mark “Earl of Sandwich.” The restrictions above apply only to EOS and do not apply to restaurants identified in whole or in part by the name and mark “Earl of Sandwich” under construction or in operation in the Development Territory as of the date of the Development Agreement. We are not required to compensate you for exercising any rights reserved to us in the Development Territory.

There are no minimum sales quotas or other conditions that must be met in order to maintain your territorial rights in the Development Territory. However, if you are in default under the Development Agreement (which may include, but is not limited to, a default for failing to comply with the Development Schedule) or any Franchise Agreement, we may terminate the Development Agreement and your territorial rights in the Development Territory. You will not receive any exclusive territory under the Development

Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You do not receive the right under the Development Agreement to develop or operate any Franchised Restaurants in addition to the number specified in the Development Schedule.

Franchise Agreement

Under the Franchise Agreement, we will grant you the right to operate continuously the Franchised Restaurant at the Franchised Location. You may not relocate the Franchised Restaurant without our prior written consent, which may be withheld by us in our sole discretion after reviewing a variety of factors, including population density, the proximity of other Earl of Sandwich Restaurants and other relevant demographic factors. If we approve a relocation of your Franchised Restaurant, we have the right to charge you for all reasonable expenses actually incurred in connection with consideration of the request, and we may condition our approval upon the payment of an agreed minimum royalty fee to EOS during the period in which the Franchised Restaurant is not in operation.

If you comply with the Franchise Agreement and any other agreements with us or our affiliates and are current on all obligations due us and our affiliates, during the term of the Franchise Agreement, we and our affiliates will not operate, or license others to operate, Earl of Sandwich Restaurants in a geographic area surrounding the Franchised Location (“Protected Area”). This restriction applies only to EOS and does not apply to restaurants identified in whole or in part by the name and mark “Earl of Sandwich” under construction or in operation in the Protected Area as of the date of the Franchise Agreement. The size of the Protected Area will vary depending on, among other things, the location in which you wish to operate the Franchised Restaurant. Typically, the Protected Area will be set as a radius around the Franchised Location. The perimeters of the Protected Area may be described by specific street boundaries, county lines, state lines, municipal boundaries, railroad tracks, or other similar boundary descriptions. Factors that we will use in order to determine the Protected Area include demographics, population density and number of households in the area, the growth profile of the populations within the area, the competitive environment in that market, and other factors that we will take into account. If you develop Franchised Restaurants under a Development Agreement, we will determine the Protected Area for the Franchised Restaurants according to the policies that are in place when you sign each Franchise Agreement.

We and our affiliates may, however: (1) operate, and license others to operate, restaurants identified in whole or in part by the name and mark “Earl of Sandwich” and/or utilizing the System in the Protected Area at Nontraditional Locations; (2) award national or regional licenses to third parties to sell products under the name and mark “Earl of Sandwich” in foodservice facilities primarily identified by the third party’s trademark; (3) develop and operate, and license others to develop and operate, restaurants other than restaurants identified in whole or in part by the name and mark “Earl of Sandwich” and/or utilizing the System in the Protected Area; (4) merchandise and distribute products identified by some or all of the Proprietary Marks in the Protected Area through any other method or channel of distribution; and (5) sell and distribute products identified by some or all of the Proprietary Marks in the Protected Area to restaurants other than restaurants identified in whole or in part by the name and mark “Earl of Sandwich,” provided those restaurants are not licensed to use the Proprietary Marks in connection with their retail sales.

The Franchise Agreement does not prohibit us or our affiliates from: (1) operating, and licensing others to operate, during the term of the Franchise Agreement, restaurants identified in whole or in part by the name and mark “Earl of Sandwich” at any location outside of the Protected Area; (2) operating, and licensing others to operate, after the Franchise Agreement terminates or expires, restaurants identified in whole or in part by the name and mark “Earl of Sandwich” at any location; and (3) operating, and licensing others to operate, at any location, during the term of the Franchise Agreement or after the Franchise Agreement expires or terminates, any type of restaurant other than a restaurant identified in whole or in part

by the name and mark “Earl of Sandwich.” We are not required to compensate you for exercising any rights reserved to us in the Protected Area.

The Franchise Agreement does not authorize you to sell products through other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing efforts. We may permit you to advertise the Franchised Restaurant through the Internet and other electronic means, but we have the right to approve and control any electronic, mobile or Internet presence that uses or displays any of the Proprietary Marks. You will not receive any exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Nontraditional Location Addendum

If you sign a Nontraditional Location Addendum to the Franchise Agreement, you will not receive any exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You do not receive the right under the Franchise Agreement to develop or operate more than one Franchised Restaurant.

Except as described above, we and our affiliates may establish other franchised or company-operated outlets under the Proprietary Marks and/or under other marks that may compete with your location. We and our affiliates may merchandise and distribute goods and services identified by the Proprietary Marks through methods or channels of distribution other than restaurants and catering services. We reserve all rights to use and license the System other than those we expressly grant you under the Development Agreement or Franchise Agreement. We have no obligation to pay any compensation to you if we exercise these rights.

Other Brands

One of our affiliates owns a minority interest in the TooJay’s Deli restaurant system and oversees the day-to-day operations of the TooJay’s Deli restaurants. TooJay’s Deli restaurants offer sandwiches, some of which are similar to those offered in Earl of Sandwich restaurants. TooJay’s Deli does not offer franchises. There may be now or in the future be TooJoy’s Deli restaurants located in the same market as current and future Earl of Sandwich restaurants. TooJay’s Deli’s headquarters are located in West Palm Beach, Florida

Except as previously described in this Item 12, neither we nor any of our affiliates have established or presently intends to establish, other franchises or affiliate-operated outlets selling or leasing similar products or services to those offered by Earl of Sandwich restaurants under a different trade name or trademark; however, we retain the right to do so in the future.

ITEM 13 TRADEMARKS

We grant you the right to operate a restaurant under the name “Earl of Sandwich” and to use our other current or future Proprietary Marks in the operation of your Franchised Restaurant. As stated in Item 1, the Earl of Sandwich Restaurant concept derives its name from John Montagu, the 4th Earl of Sandwich who created the sandwich in 1762. Under a February 21, 2008 License Agreement with EOS (FamilyCo)

and EOS (LicenseCo), we have the exclusive right to use and permit our franchisees and licensees to use the name and mark “Earl of Sandwich” in addition to certain related trademarks, service marks and other commercial symbols. EOS (FamilyCo) and EOS (LicenseCo) have the right to terminate the License Agreement if we commit a breach of the License Agreement.

We or EOS (FamilyCo) are the registered owner of the following principal marks, which have been registered with the United States Patent and Trademark Office (“USPTO”) on the Principal Register, and all required affidavits of continued use have been filed and accepted:

Trademark	Registration No.	Registration Date
EARL OF SANDWICH	3,205,577	February 6, 2007
	3,322,443	October 30, 2007
	4,873,191	December 22, 2015
THE WORLD’S GREATEST HOT SANDWICH	3,529,457	November 4, 2008
THE ORIGINAL SANDWICH SINCE 1762	3,572,634	February 10, 2009
THE ORIGINAL 1762	3,572,633	February 10, 2009
	4,065,204	December 6, 2011
WE INVENTED THE SANDWICH	4,728,878	April 28, 2015
	4,989,567	June 28, 2016
	5,005,860	May 10, 2016

You must follow our rules when you use our Proprietary Marks. You may not use the Proprietary Marks on any vehicles without our prior written approval. You may not modify the Proprietary Marks in any manner in connection with your display of, or creation or duplication of materials bearing, the Proprietary Marks. You may not use the Proprietary Marks or any variations of the Proprietary Marks or marks or names confusingly similar to the Proprietary Marks in any manner not authorized by EOS or in any corporate, limited liability company or partnership name and may not use any other trade names, service marks or trademarks in conjunction with the Franchised Restaurant. You must use the symbol ® with all registered marks and the symbol ™ with all pending registrations or other marks. You may not use the Proprietary Marks in connection with the sale of any unauthorized products or services or in any manner not authorized in writing by us.

You may not use the Proprietary Marks on any Internet domain name, e-mail address or in the operation of any Internet website without our prior written consent. We may grant or withhold our consent in our sole discretion and may condition our consent on such requirements as we deem appropriate, including, among other things, that you obtain our prior written approval of: (1) any and all Internet domain names and home page addresses related to the Franchised Restaurant; (2) the proposed form and content (including any visible and non-visible content such as meta-tags) of any website related to the Franchised Restaurant; (3) your use of any hyperlinks or other links; (4) your use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has an ownership interest; and (5) any proposed modification of your website. We may designate the form and content of your website and/or require that any such website be hosted by us or a third party designated by us, using one or more websites that we own and/or control. In addition, we may require you to establish hyperlinks to our website or another website designated by us. We may charge you a fee for developing, reviewing and approving your website and/or for hosting the website.

If the License Agreement is terminated or if we should elect to use a principal name other than “Earl of Sandwich” to identify the System, the System and the Franchise Agreement will be deemed amended to substitute that name, and you will be required to incur the necessary costs to adopt the new name.

There are no presently effective rulings of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court relating to the principal Proprietary Marks that would materially affect your right to use the Proprietary Marks. There are no pending infringement, opposition or cancellation proceedings or material litigation involving the principal Proprietary Marks.

On November 13, 2008, we entered into a Concurrent Use Agreement with Schlotzsky’s Franchise LLC (“Schlotzsky’s”), the registered owner of the mark “THE ORIGINAL” for sandwiches. Under that Agreement, we agreed to always use the following three registered marks on a single line: THE ORIGINAL 1762®, ORIGINAL.SIMPLE.WORTHY.®, and THE ORIGINAL SANDWICH SINCE 1792®. Additionally, we agreed to never use “Original” or “The Original” as a trademark or as part of a slogan or tagline that causes that word or phrase to stand alone. The Concurrent Use Agreement applies worldwide. The parties believe that their trademarks can coexist on a worldwide basis without resulting in confusion for consumers.

Other than as described above, there are no agreements currently in effect that significantly limit our right to use or license the use of the principal Proprietary Marks in any manner material to you. We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal Proprietary Marks in any state.

The Franchise Agreement does not contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the Proprietary Marks. The Franchise Agreement does require that you notify us immediately if you become aware of any infringement of the Proprietary Marks or if any litigation involving the Proprietary Marks is instituted or threatened against you. You may not make any demand, serve any notice, institute any legal action or negotiate, compromise or settle any controversy with respect to any such infringement without first obtaining our written approval. At our option, we may defend and control the defense of any proceeding arising from your use of the Proprietary Marks under the Franchise Agreement. You also must fully cooperate in defending or settling the litigation. You may not directly or indirectly contest the validity, or our ownership, of the Proprietary Marks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents or patent applications that are material to your Franchised Restaurant or the System. We claim copyright protection in the Manual and certain forms, architectural, engineering and construction plans, advertising materials, product recipes, formulas, specifications, ingredients, processes, techniques and methodologies, supplier information, customer lists, site information, equipment specifications, computer programs, newsletters, training materials, and operations and accounting materials. We have not registered those materials with the United States Registrar of Copyrights.

The Manual and these other materials contain our detailed standards and specifications for developing and operating your Franchised Restaurant, including specifications and standards relating to the construction of Franchised Restaurants. The Manual and other proprietary information also may discuss the selection, purchase, storage, preparation, packaging, ingredients, recipes, cooking methods, service and sale of the products and beverages you will sell at your Franchised Restaurant. The Manual also contains information on operations training, marketing, advertising and sales promotions, signs, fixtures and furnishings, employee dress attire and appearance standards, menu concept, and other business procedures. We can modify the Manual and our copyrighted materials from time to time. You must promptly implement any changes or modifications at your own cost and expense. We will have no obligation or liability to you as a result of the changes or modification.

The Manual and all other materials and information provided or disclosed to you regarding the System are disclosed in confidence. You may not disclose any part of this information to anyone who is not your employee, and you will disclose to your employees only those parts of the System that an employee needs to know. You also must agree not to contest our interest in the trade secrets and confidential and proprietary information that comprises the System.

We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so as appropriate. There are no presently effective rulings of the USPTO, the US Copyright Office, or any court regarding any patents or copyrights that you are permitted to use under the Franchise Agreement.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You are not obligated to participate personally in the direct operation of the Franchised Restaurant; however, you must designate a qualified individual to serve as the “Operating Principal” of your Franchised Restaurant. If you sign a Development Agreement, you must designate a qualified individual to serve as

your “Development Principal.” If qualified, you may fill either or both of these positions; however, we may require that these positions be held by different persons.

The Operating Principal must devote full time and reasonable efforts to the supervision and conduct of your Franchised Restaurant and those other restaurants that are franchised by us or our affiliates that you operate in the same geographic area as the Franchised Restaurant. Unless waived in writing by us, the Operating Principal must: (1) own at least a 10% equity interest in you (unless you were a publicly-held entity or a wholly-owned subsidiary of a publicly-held entity as of the date of the first franchise-related agreement between you and us); (2) be a person acceptable to both you and us; and (3) successfully complete the initial manager training program (either the full initial manager training program or a modified version of the initial manager training program to meet the specific needs of the candidate, as deemed appropriate by EOS in its sole discretion) and any additional training required by us.

Unless waived in writing by us, the Development Principal must: (1) devote substantial and adequate time and reasonable efforts to supervising the development of the Franchised Restaurants to be developed under the Development Agreement; (2) be a person acceptable to both you and us; and (3) successfully complete development training.

The Franchised Restaurant must at all times be under the on-site supervision of the Operating Principal or a restaurant manager, each of whom must meet our applicable training qualifications for their designated position. If the Franchised Restaurant employs at any time fewer than two management personnel who have successfully completed the initial manager training program, you have 30 days to hire a new manager and enroll him or her in the initial manager training program. Your managers are not required to own an equity interest in you.

If you are any type of business entity other than a sole proprietorship, we and you will identify a “Continuity Group.” The members of the Continuity Group will be listed in an appendix to the Franchise Agreement, and you must notify us of any change in the Continuity Group. Your Operating Principal and Development Principal must be members of your Continuity Group. Each member of the Continuity Group and each person who holds a legal or beneficial interest in you of 10% or more is bound by the confidentiality and non-competition restrictions described in Item 17 and they and their spouses, if applicable, must sign a guarantee assuming and agreeing to discharge all of your obligations to us unless we waive or modify this requirement.

* * *

You do not have to participate personally in the direct operation of a Nontraditional Restaurant, although we do encourage your personal participation. A Nontraditional Restaurant must at all times be under the on-site supervision of a manager who is a full-time employee of yours, has successfully completed the initial manager training program and has been approved by us. Your managers are not required to own an equity interest in you.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the Franchised Restaurant solely for the operation of an Earl of Sandwich Restaurant. You must maintain sufficient inventories, adequately staff each shift with qualified employees and continuously operate the Franchised Restaurant at its maximum capacity and efficiency for at least the minimum number of days and hours that we specify in the Manual or otherwise in writing.

You must meet and maintain the highest applicable health standard and rating. You must operate the Franchised Restaurant in strict conformity with the methods, standards and specifications that we prescribe in the Manual or otherwise in writing.

You must offer for sale and sell at the Franchised Restaurant all and only those products and services as are expressly authorized by us in the Manual or otherwise in writing. We may restrict sales of menu items to certain time periods during the day. We have the right to change the menu items, ingredients, products, materials, supplies and paper goods or the standards and specifications of each, and there are no limits on our ability to do so. Within 30 days after receipt of written notice from us, you must begin selling any newly authorized menu items and cease selling any menu items that are no longer authorized. We do not limit the customers to whom you may sell goods or services.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

DEVELOPMENT AGREEMENT

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
a. Length of the development term	Section 1.A.	The term is from the date of execution of the Development Agreement to the date that you sign a lease or purchase the site for the last Franchised Restaurant that you are required to develop under the Development Schedule.
b. Renewal or extension of the term	Not applicable	You have no right to renew the Development Agreement.
c. Requirements for you to renew or extend	Not applicable	You have no right to renew the Development Agreement.
d. Termination by you	Not applicable	You have no right to terminate the Development Agreement.
e. Termination by us without cause	Not applicable	We have no right to terminate the Development Agreement without cause.
f. Termination by us with cause	Section 13	We may terminate upon default.
g. "Cause" defined-curable defaults	Section 13.A.(13)	You have ten days to cure monetary defaults. You have 30 days to cure defaults other than those discussed in h.
h. "Cause" defined – non-curable defaults	Sections 13.A.(1-13)	Non-curable defaults include: failure to obtain site approval on schedule; failure to open and operate scheduled number of Franchised Restaurants; commencement of construction before receipt of

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
		fully-executed Franchise Agreement for that location; insolvency; bankruptcy; execution levied against your business or property; material breach of covenants; transfer without approval; material misrepresentation; falsification of reports; felony conviction; default beyond cure period under other agreements with us or our affiliates including any Franchise Agreement, any real estate, equipment lease or financing instrument relating to a Franchised Restaurant or with any vendor or supplier to a Franchised Restaurant; material breach of any representation or warranty; and default after receipt of 2 or more notices of default within 12 months.
i. Your obligations on termination/non-renewal	Section 14	Obligations include: forfeiture of right to develop; termination of territorial rights in Development Territory; return of materials to us; continued observance of covenants; payment of amounts due to us; forfeiture of Development Fee; no operation of business under any name or in any manner that suggests connection to us and our affiliates; and cease use of our materials.
j. Assignment of contract by us	Section 9	There are no restrictions on our right to assign.
k. "Transfer" by you-definitions	Section 10.A.	Includes sale, assignment, transfer, conveyance, gift, pledge, mortgage or other encumbrance of any interest in you or the Development Agreement, or any other assets pertaining to your operations under the Development Agreement.
l. Our approval of transfer by you	Sections 10.B. and 10.G.	We have the right to approve transfers. Certain transfers may be undertaken without our prior approval.
m. Conditions for our approval of transfer	Sections 10.B. and 10.C.	Conditions include: simultaneous transfer to the same transferee of all Franchised Restaurants operated by you within the Development Territory; qualified transferee; reasonable sales price; payment of amounts due; no default under any agreement with us or our affiliates; no default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to the Franchised Restaurants or with any vendor or supplier to the Franchised Restaurants; signed release (a copy of the current form of General Release is attached as Exhibit K); completed development training programs; payment of transfer fee; agreements signed; and execution of guarantee

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
		under the terms of which you will remain liable for all obligations to us incurred before the transfer date and for one year following the transfer.
n. Our right of first refusal to acquire your business	Section 10.J.	We can match any offer for your business.
o. Our option to purchase your business	Not applicable	
p. Your death or disability	Section 10.G.(1)(b)	Transfer to your spouse, adult children, parents, adult sibling or a member of your Continuity Group is permitted. Such Transfer must be completed within a reasonable time, not to exceed 6 months from the date of death or permanent disability.
q. Non-competition covenants during the term of the franchise	Section 12.C.	No interest in any restaurant business that has sandwiches as a primary menu item or that offers any individual menu item that comprises at least 10% of sales at Earl of Sandwich Restaurants operated by us or our affiliates or whose method of operation or trade dress is similar to that used in the System.
r. Non-competition covenants after the franchise is terminated or expires	Section 12.C.	No activity as described in q. above for one year within your Development Territory, within two miles of its border and within two miles of any then-existing Earl of Sandwich Restaurant. If you violate the post-termination non-competition provisions, you must pay liquidated damages equal to our then-current Initial Fees (including any Application Fees and Initial Franchise Fees) and 8% of the Gross Sales of the competing business until the expiration of the non-competition period.
s. Modification of the agreement	Section 20	No modification generally without signed agreement, but we may modify the System.
t. Integration/merger clause	Section 20	Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises made outside this disclosure document and the Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not applicable	

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
v. Choice of forum	Section 22.B.	Subject to state law, you can only file suit where our principal offices are then located (currently Orlando, Florida) and we may file suit in the jurisdiction where our principal offices are then located, where you reside or do business, where the Development Territory or any Franchised Restaurant is or was located or where the claim arose.
w. Choice of law	Section 22.A.	Subject to state law, Florida law applies.

FRANCHISE AGREEMENT

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2	Ten years from the date that the Franchised Restaurant opens.
b. Renewal or extension of the term	Section 2.B. and NT Location Addendum Section 3	You can renew for one renewal term of ten years. If you sign a Nontraditional Location Addendum to the Franchise Agreement, you can renew for two five-year renewal terms.
c. Requirements for you to renew or extend	Section 2.B.	In order to renew at the end of the Initial Term you must: give timely notice; sign general release (see Exhibit K); comply with training requirements; be in good standing; not be in default under any agreement with us or our affiliates; not be in default beyond the cure period under any real estate lease, equipment lease or financing instrument relating to the Franchised Restaurant or with any vendor or supplier to the Franchised Restaurant; have the right to remain in possession of the Franchised Location for the Renewal Term; remodel; sign a new Franchise Agreement with us which may contain terms and conditions materially different from your current Franchise Agreement, including higher royalty fees and advertising contributions; and pay a renewal fee.
d. Termination by you	Not applicable	Subject to state law, you have no right to terminate the Franchise Agreement.
e. Termination by us without cause	Not applicable	We have no right to terminate the Franchise Agreement without cause.
f. Termination by us with cause	Section 22	We may terminate upon default.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
g. “Cause” defined- curable defaults	Section 22.B.	You have ten days to cure monetary defaults. You have 30 days to cure all other defaults except those discussed in h.
h. “Cause” defined – non-curable defaults	Sections 22.A., 22.B.(3) & 22.C.	Non-curable defaults include: failure to obtain site approval before the Site Approval Deadline (if applicable); failure to open the Franchised Restaurant for business on or before the Opening Deadline set forth in the Franchise Agreement; closure of Franchised Restaurant for more than five days; insolvency; bankruptcy; execution levied on your business or property; foreclosure; material breach of covenants; transfer without approval; material misrepresentation; falsification of reports; imminent danger to public health or safety; loss of possession of Franchised Location; felony conviction; breach of representation or warranty; default beyond cure period under other agreements with us or our affiliates including the Development Agreement; default after receipt of two or more notices of default within previous 12 months; and receipt of second consecutive failing score on an inspection.
i. Your obligations on termination/nonrenewal	Section 23	Obligations include: payment of amounts due; return Manual; continued observance of covenants; discontinue use of Proprietary Marks and trade secrets; and complete de-identification of the Franchised Restaurant. In addition, your territorial rights in the Protected Area will terminate immediately.
j. Assignment of contract by us	Section 18	There are no restrictions on our right to assign.
k. “Transfer” by you- definitions	Section 19.A.	Includes sale, assignment, transfer, conveyance, gift, pledge, mortgage or other encumbrance of any interest in you, the Franchise Agreement, the Franchise, the Franchised Restaurant, the assets of the Franchised Restaurant, the Franchised Location or any other asset pertaining to your operations under the Franchise Agreement.
l. Our approval of transfer by you	Sections 19.B. & 19.G.	We have the right to approve transfers. Certain transfers may be undertaken without our prior approval.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
m. Conditions for our approval of transfer	Sections 19.B.-C.	Conditions include: transferee qualified; reasonable sales price; payment of amounts due; no default on any agreement with us or our affiliates; no default beyond the applicable cure period on any real estate lease, equipment lease or financing instrument relating to the Franchised Restaurant or with any vendor or supplier to the Franchised Restaurant; signed release (a copy of the current form of General Release is attached as Exhibit K); transferee must complete training; transfer fee paid; agreements signed; and execution of guarantee under the terms of which you will remain liable for all obligations to us incurred before the transfer date and for one year following the transfer.
n. Our right of first refusal to acquire your business	Section 19.J.	We or our designee can match any offer for your business.
o. Our option to purchase your business	Section 24	We can purchase some or all of your assets upon expiration or earlier termination of the Franchise Agreement at a price agreed upon or set by appraisers.
p. Your death or disability	Section 19.G.(1)(b)	Transfer to your spouse, adult children, parent, adult sibling or member of the Continuity Group is permitted. Such Transfer shall be completed within a reasonable time, not to exceed 6 months from the date of death or permanent disability.
q. Non-competition covenants during the term of the franchise	Section 21.C.	No diversion of any business or customer to any competitor; no interest in any restaurant business that has sandwiches as a primary menu item or that offers any individual menu item that comprises at least 10% of sales at Earl of Sandwich Restaurants operated by us or our affiliates or whose method of operation or trade dress is similar to that used in the System (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Section 21.C.	No activity as described in q. above for one year within the Protected Area and within two miles of any then-existing Earl of Sandwich Restaurant. If you violate the post-termination non-competition provisions, you must pay liquidated damages equal to our then-current Initial Fees (including any Application Fees and Initial Franchise Fees) and 8% of the Gross Sales of the competing business until the expiration of the non-competition period (subject to state law).
s. Modification of the agreement	Section 29	No modification generally without signed agreement, but we may modify the System and the Manual.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
t. Integration/merger clause	Section 29	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not applicable	
v. Choice of forum	Section 31.B.	Subject to state law, you can only file suit where our principal offices are then located (currently Orlando, Florida), and we may file suit in the jurisdiction where our principal offices are then located, where you reside or do business, where the Franchised Restaurant is or was located or where the claim arose.
w. Choice of law	Section 31.A.	Subject to state law, Florida law applies.

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to Earl of Sandwich (USA), LLC's management by contacting our General Counsel and Secretary, Jeffrey C. Sirolly, at 4700 Millenia Boulevard, Suite #400, Orlando, Florida 32839, telephone (407) 903-5500, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1 – Systemwide Restaurant Summary
2019 to 2021⁽¹⁾**

Restaurant Type	Year	Restaurants at Start of Year	Restaurants at End of Year	Net Change
Franchised	2019	19	23	+4
	2020	23	23	0
	2021	23	24	+1
Company Operated ⁽²⁾	2019	11	10	-1
	2020	10	9	-1
	2021	9	7	-2
Total Restaurants	2019	30	33	+3
	2020	33	32	-1
	2021	32	31	-1

**Table No. 2 – Transfers of Restaurants from Franchisees to New Owners
(Other than to EOS or Its Affiliates)
2019 to 2021⁽¹⁾**

State	Year	Number of Transfers ⁽²⁾
California	2019	0
	2020	0
	2021	1
Nevada	2019	0
	2020	0
	2021	1
Totals	2019	0
	2020	0
	2021	2

States not listed had no activity to report.

**Table No. 3 -Status of Franchised Restaurants
2019 to 2021 ⁽¹⁾**

State	Year	Restaurants At Start of Year	Restaurants Opened	Terminations	Non- Renewals	Reacquired by EOS	Ceased Operations – Other Reason	Restaurants at End of Year ⁽³⁻⁴⁾
CA	2019	4	3	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
FL	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
GA	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
ID	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
MD	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
MI	2019	1	0	0	1	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
NC	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
NV	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	1	0	1	0	0	3
NJ	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

State	Year	Restaurants At Start of Year	Restaurants Opened	Terminations	Non-Renewals	Reacquired by EOS	Ceased Operations – Other Reason	Restaurants at End of Year ⁽³⁻⁴⁾
PA	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
SD	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
TX	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Totals	2019	19	5	0	1	0	0	23
	2020	23	0	0	0	0	0	23
	2021	23	2	0	1	0	0	24

States not listed had no activity to report.

**Table No. 4 - Status of Company-Operated Restaurants
2019 to 2021 ⁽¹⁾**

State	Year	Restaurants at Start of Year	Restaurants Opened	Restaurants Reacquired from Franchisees	Restaurants Closed	Restaurants Sold to Franchisees	Restaurants at End of Year ⁽²⁾
CA	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
FL	2019	6	0	0	1	0	5
	2020	5	0	0	0	0	5
	2021	5	0	0	2	0	3
NV	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
NY	2019	1	0	0	0	0	1
	2020	1	0	0	1	0	0
	2021	0	0	0	0	0	0

State	Year	Restaurants at Start of Year	Restaurants Opened	Restaurants Reacquired from Franchisees	Restaurants Closed	Restaurants Sold to Franchisees	Restaurants at End of Year ⁽²⁾
MA	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Totals	2019	11	0	0	1	0	10
	2020	10	0	0	1	0	9
	2021	9	0	0	2	0	7

States not listed had no activity to report.

NOTES

- (1) The numbers for 2019 to 2021 are as of December 29, 2019, December 27, 2020, and December 26, 2021 respectively. If multiple events occurred affecting a restaurant, the table shows the event that occurred last in time.
- (2) The restaurants that are identified as company-operated restaurants are or were owned and operated by our affiliates as set forth in Item 1.
- (3) Exhibit L lists the franchisee(s) that had their franchise agreements canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during our fiscal year that ended on December 26, 2021 or failed to communicate with us within ten weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.
- (4) Attached as Exhibit L is a list of the address and telephone number of each franchised location and the name of the applicable franchisee as of December 26, 2021.

Table No. 5
Projected New Franchised Restaurants as of December 26, 2021

State	Franchise Agreements Signed But Restaurant Not Opened	Projected New Franchised Restaurants In Next Fiscal Year	Projected Company Operated Restaurants In Next Fiscal Year
CA	7	2	0
MO	1	1	0
NV	2	0	0
TX	1	1	0
TOTALS	12	4	0

In some instances, during the last three fiscal years, current and former franchisees signed provisions restricting their ability to speak openly about their experience with EOS. 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. Specifically, in conjunction with settlement agreements and certain amendments to franchise and development agreements, some former and current franchisees have signed confidentiality agreements.

We are not aware of any trademark-specific franchisee organizations associated with the System and no independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21 FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit H are the audited consolidated financial statements of EOS and its subsidiaries, as of December 29, 2019, December 27, 2020, and December 26, 2021 and unaudited financial statements for the period ending September 25, 2022.

ITEM 22 CONTRACTS

The following agreements related to a Franchised Restaurant are attached as exhibits to this disclosure document:

Exhibit B	Confidentiality Agreement
Exhibit C	Agreement Request Form
Exhibit D	Development Agreement
Exhibit E	Franchise Agreement
Exhibit F	Nontraditional Location Addendum
Exhibit K	General Release
Exhibit M	Veterans Addendum to the Franchise Agreement

We also require that you fill out our Compliance Questionnaire before signing the Development Agreement and/or the Franchise Agreement. The current form of Compliance Questionnaire is attached to the Development Agreement and the Franchise Agreement.

ITEM 23 RECEIPTS

The last two pages of this disclosure document are detachable receipt pages. Please sign and date each of them as of the date you received this disclosure document and return one copy to us.

EXHIBIT A

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, New York 10005 (212) 416-8222
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	NEW YORK New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6 th Floor Albany, New York 12231-0001 (518) 473-2492
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Commissioner State Capitol 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Director of Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT B

CONFIDENTIALITY AGREEMENT

CONFIDENTIALITY AGREEMENT

THIS AGREEMENT is made as of _____ (“Effective Date”) by _____ (entity) and _____ (individual) (jointly, “Potential Franchisee”) in favor of and for the benefit of Earl of Sandwich (USA), LLC, a Florida limited liability company (“EOS”).

RECITALS

Potential Franchisee has expressed interest in purchasing a franchise from EOS to develop one or more Earl of Sandwich Restaurant(s) (“Franchise”). In order to evaluate the possibility of purchasing a Franchise from EOS, Potential Franchisee desires to receive from EOS certain confidential business information. Potential Franchisee recognizes the importance of maintaining the confidentiality of this information.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Prospective Franchisee agrees as follows:

1. Confidential Information

A. Definition of Confidential Information. As used in this Agreement, the term “Confidential Information” means all information about EOS or its affairs that EOS or its representatives furnish to Potential Franchisee. Confidential Information includes, but is not limited to, EOS’s confidential and proprietary Operations Manual, or any portion of its contents, trade-secrets, know-how, methodologies, processes, formulas, specifications, Earl of Sandwich Restaurant System information, operating procedures and standards, technical information, statistics, software, hardware, materials, plans, designs, schematics, reports, studies, notes, analyses, summaries, business, market and development plans and programs, financial information and projections, information regarding the retail and commercial operations of EOS and its affiliates, and all information that: **(1)** derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; **(2)** is the subject of efforts that are reasonable under the circumstances to maintain its secrecy; or **(3)** is designated by EOS as confidential or proprietary. Confidential Information may be in written form or obtained orally. As used in this Agreement, the term “representatives” of a party shall include the directors, officers, employees, shareholders or other securities holders, partners, members, trustees, agents, lenders, advisors, subsidiaries and other foreign and domestic affiliates and/or related entities of a party.

B. Treatment of Confidential Information. Potential Franchisee acknowledges, understands and agrees that the Confidential Information: **(1)** is the exclusive and confidential property of EOS or its affiliates and incorporates trade secrets and copyrights owned by them; **(2)** gives EOS and its affiliates some competitive business advantage or the opportunity of obtaining such an advantage, the disclosure of which could be detrimental to the interests of EOS and its affiliates; and **(3)** is not generally known by non-EOS personnel. Potential Franchisee shall at all times treat the Confidential Information in accordance with this Agreement.

C. No Warranty. Although Potential Franchisee understands that EOS has endeavored to include in the Confidential Information material known to it which it believes to be relevant for Potential Franchisee’s purposes, Potential Franchisee further understands that EOS does not make any representation or warranty as to the accuracy or completeness of the Confidential Information. Potential Franchisee further acknowledges that EOS has not and will not make representations or warranties as to the potential sales at an Earl of Sandwich Restaurant, and no information supplied by EOS shall be construed as a prediction of future sales. Potential Franchisee agrees that neither EOS nor its representatives shall have any liability to

Potential Franchisee, Potential Franchisee's representatives or any other person resulting from the use of the Confidential Information.

D. No License. This Agreement entitles Potential Franchisee to use the Confidential Information solely in connection with Potential Franchisee's exploration of the opportunity to purchase a Franchise. No license, express or implied, in the Confidential Information is granted to Potential Franchisee other than to use the Confidential Information in the manner and to the extent authorized by this Agreement. Except for the obligations of Potential Franchisee set forth in this Agreement, neither Potential Franchisee nor EOS shall be under any obligation to enter into any additional agreements and/or contractual obligations with the other of any nature whatsoever as a result of this Agreement, including, without limitation, with respect to the possible sale of a Franchise.

2. Covenants of Potential Franchisee.

As a consequence of Potential Franchisee's acquisition or anticipated acquisition of Confidential Information, Potential Franchisee will occupy a position of trust and confidence with respect to EOS's affairs and business. In view of the foregoing, Potential Franchisee agrees that it is reasonable and necessary that Potential Franchisee agree, while this Agreement is in effect, to the following:

A. No Disclosure. Potential Franchisee shall use the Confidential Information solely for purposes of evaluating whether or not Potential Franchisee will purchase a Franchise. Potential Franchisee shall not disclose the Confidential Information to any person or entity other than Potential Franchisee's attorney, accountant or other representatives as necessary to evaluate the opportunity provided by EOS and agree to protect the Confidential Information against unauthorized disclosure using the same degree of care, but no less than a reasonable degree of care, as Potential Franchisee uses to protect Potential Franchisee's confidential information. Potential Franchisee represents that it has its own procedures in place to assure that its representatives are aware of their obligations to retain in confidence any Confidential Information they receive. Without in any way limiting the generality of Potential Franchisee's obligations under this Agreement, Potential Franchisee acknowledges and agrees that in no event will Potential Franchisee disclose any of the Confidential Information to any of EOS's competitors.

B. No Use, Copying or Transfer. Potential Franchisee shall not use, copy or transfer Confidential Information in any way and shall protect the Confidential Information against unauthorized use, copying or transfer using the same degree of care, but no less than a reasonable degree of care, as Potential Franchisee uses to protect Potential Franchisee's confidential information. Potential Franchisee further agrees not to remove, overprint, or deface any notice of copyright, trademark, logo, or other notices of ownership from any Confidential Information.

C. Applicability. These covenants shall apply to all Confidential Information disclosed to Potential Franchisee by EOS prior to the date of this Agreement.

D. Return and/or Destruction of Confidential Information. If, at any time, EOS determines that it does not wish for Potential Franchisee to purchase a Franchise or Potential Franchisee determines that it does not wish to purchase a Franchise, or if EOS requests, at any time and for any reason, that Potential Franchisee do so, Potential Franchisee agrees to: **(1)** immediately cease to use the Confidential Information; **(2)** immediately return, or destroy the Confidential Information and all copies thereof (whether or not such copies were authorized) and cause any third party to whom disclosure was made to do the same; and **(3)** at the request of EOS, certify in writing that Potential Franchisee and all others to whom Potential Franchisee has provided such Confidential Information, have complied with subsections (1) and (2) above.

E. Injunctive Relief. Potential Franchisee understands that any violation of this Agreement will cause EOS immediate and irreparable harm which money damages cannot adequately remedy. Therefore, upon any actual or impending violation of this Agreement, Potential Franchisee hereby consents to issuance by the federal or state court having jurisdiction where EOS's principal offices are located or, at EOS's election, any other court that may, assume jurisdiction, of any restraining order, preliminary and/or permanent injunction, without bond, restraining or enjoining such violation by Potential Franchisee or any entity or person acting in concert with Potential Franchisee. Potential Franchisee understands that such orders are additional to and do not limit the availability of any other remedy.

3. Waiver. Potential Franchisee acknowledges that no waiver by EOS of any breach by Potential Franchisee of any provision of this Agreement shall be deemed a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement. No such waiver shall be effective unless in writing and then only to the extent expressly set forth in writing.

4. Miscellaneous.

A. Governing Law. This Agreement and any claim or controversy arising out of or relating to this Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to conflicts of laws principles.

B. Severability. If a court of competent jurisdiction deems any provision of this Agreement invalid, unreasonable or unenforceable, then the remaining provisions will not be affected, and the invalid provision may be enforced to the extent deemed reasonable by the court.

C. Headings. Section headings in this Agreement are for reference only and shall not be construed as modifying any provisions of this Agreement.

D. Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered shall be deemed an original.

IN WITNESS WHEREOF, the undersigned Potential Franchisee has signed and delivered this Agreement as of the day and year above written.

POTENTIAL FRANCHISEE:

By: _____

Print Name: _____

Date: _____

EXHIBIT C

AGREEMENT REQUEST FORM



REQUEST FOR AN EARL OF SANDWICH
FRANCHISE AND/OR DEVELOPMENT AGREEMENT

Prospective Developer or Franchisee (“**Prospect**”) desires to develop and operate one or more franchised Earl of Sandwich restaurants (each, a “**Restaurant**”) from Earl of Sandwich (USA), LLC (“**EOS**”) and hereby agrees and represents as follows:

1. Deposit: Concurrently with execution of this Request, Prospect shall pay EOS a Two Thousand Five Hundred Dollar (\$2,500) nonrefundable deposit (the “**Deposit**”) in consideration for EOS’s preparation of the requested Development and/or Franchise Agreement (individually or collectively, the “**Agreement**”). If the parties execute the Agreement within ten (10) business days of Prospect’s receipt of the Agreement, EOS shall apply the Deposit toward payment of the Development Fee required under the Development Agreement or the Application Fee required under the Franchise Agreement, as applicable.

2. Type of Agreement: _____

3. Interests in Other Restaurants: _____

4. Legal Name: _____ **State Entity Formed In:** _____

5. Member/Shareholder Information:

Name	Address	Percentage Interest or Number of Shares	Office Held

6. Contact Information:

Address: _____

Phone Number: _____

Email Address: _____

7. Continuity Group: _____

8. Development/Operating Principal: _____

9. Guarantor(s): _____

10. Franchise Fee: _____ Royalty Rate: _____

11. Brand Fund: _____ Regional Advertising Fund: _____
Local Advertising: _____

12. If Development Agreement:

a. Development Schedule:

Site Approval Date	Opening Date	Cumulative Number of Restaurants Open and Operating

b. Development Territory: _____

13. If Franchise Agreement:

a. Site Approval Date: _____

b. Opening Date: _____

c. If known, Restaurant address: _____

d. If known, Protected Area: _____

e. If not known, Site Selection Area: _____

IN WITNESS WHEREOF, Prospect has executed this Request as of the ____ day of _____, 20 __.

PROSPECT:

By: _____

Name: _____

Title: _____

EXHIBIT D

DEVELOPMENT AGREEMENT

**EARL OF SANDWICH RESTAURANT
DEVELOPMENT AGREEMENT**

EARL OF SANDWICH RESTAURANT DEVELOPMENT AGREEMENT DATA SHEET

This Data Sheet summarizes certain terms of the attached Development Agreement. The Data Sheet is an integral part of the attached Development Agreement and is hereby incorporated therein.

Effective Date:	
Franchisor:	Earl of Sandwich (USA), LLC A Florida limited liability company Notice Address: 4700 Millenia Boulevard, Suite #400 Orlando, Florida 32839 (Attn: General Counsel)
Developer:	Name: Notice Address:
Development Principal:	
Development Territory:	Developer's rights in the Development Territory shall be subject to the limitations described in Section 2. Any political boundaries contained in the description of the Development Territory shall be considered fixed as of the Effective Date and shall not change notwithstanding a political reorganization or a change in those boundaries. Unless otherwise specified, all street boundaries shall be deemed to include both sides of the street.
Development Fee:	
Development Fee Payable as Follows:	
Developer's Interests in Other Restaurants (Non-Compete Waiver):	
Guarantors:	

DEVELOPMENT SCHEDULE

Developer shall develop and continue to operate a minimum of _____ Franchised Restaurants in the Development Territory, in accordance with the following schedule:

Site Approval Date	Opening Date	Cumulative Number of Franchised Restaurants To Be Open And Operating On The Opening Date

If Developer can demonstrate to EOS that the Opening Date for a particular Franchised Restaurant, set forth in this Data Sheet, has been delayed due to the action, or lack of action, by a governmental agency, EOS shall proportionately extend the Opening Date solely for the affected Franchised Restaurant. The Opening Date(s) for other Franchised Restaurants required by this Agreement shall not be affected by the extension of time granted to another Franchised Restaurant.

OWNERSHIP INTERESTS

CORPORATE DEVELOPER

If Developer is a corporation, the number of authorized shares of Developer that have been issued is _____ and the name, address, number of shares owned (legally or beneficially) and office held by each shareholder is as follows:

Name	Address	No. of Shares	Office Held

LIMITED LIABILITY COMPANY DEVELOPER

If Developer is a limited liability company, the name, address and percentage interest of each member is as follows:

Name	Address	Percentage Interest

BUSINESS ENTITY DEVELOPER

If Developer is a business entity other than a corporation or a limited liability company, the name, address and percentage interest of each owner is as follows:

Name	Address	Percentage Interest

Developer's Continuity Group shall be comprised of the following persons: _____

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APPENDIX A: GUARANTEE AND ASSUMPTION OF DEVELOPER’S OBLIGATIONS

APPENDIX B: COMPLIANCE QUESTIONNAIRE

EARL OF SANDWICH RESTAURANT DEVELOPMENT AGREEMENT

THIS AGREEMENT is made as of the effective date identified on the attached Data Sheet (the “Effective Date”) by and between Earl of Sandwich (USA), LLC (“EOS”), a Florida limited liability company, and the person(s) or entity identified on the attached Data Sheet (“Developer”).

RECITALS:

As a result of the expenditure of time, skill, effort and money, EOS has developed and owns a unique and distinctive system (“System”) relating to the development, establishment and operation of fast casual restaurants (“Earl of Sandwich Restaurants”).

The distinguishing characteristics of the System include, without limitation, uniform and distinctive exterior and interior design and layout, including specially designed décor and furnishings; special recipes and menu items; procedures and techniques for food and beverage preparation and service; automated management information and control systems for inventory controls, cash controls and sales analysis; technical assistance and training through course instruction and manuals; and advertising and promotional programs. The System and its components may be changed, improved and further developed by EOS from time to time.

Pursuant to a License Agreement with Earl of Sandwich (FamilyCo) AG, a Swiss corporation and Earl of Sandwich (LicenseCo) Ltd., an English corporation (jointly “Licensor”), EOS has the exclusive right to use, and permit its franchisees to use, the name and mark “Earl of Sandwich” in addition to certain related trademarks, service marks and other commercial symbols anywhere in the world.

EOS identifies the System by means of the “Earl of Sandwich” name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs (collectively “Proprietary Marks”), which EOS has designated or may in the future designate, for use with the System. The Proprietary Marks used to identify the System, including the principal Proprietary Marks, may be modified by EOS and/or its affiliates from time to time.

EOS continues to develop, use and control the use of these Proprietary Marks in order to identify to the public the source of services and products marketed under the Proprietary Marks and the System and to represent the System’s high standards of quality, appearance and service.

Developer desires to be granted the opportunity, subject to the terms and conditions of this Agreement, to develop franchised Earl of Sandwich Restaurants (collectively “Franchised Restaurant(s)”) within a certain geographic territory.

Developer understands and acknowledges the importance of EOS’s high and uniform standards of quality, operations and service and the necessity of developing Franchised Restaurants in strict conformity with this Agreement and the Earl of Sandwich Operations Manual (“Manual”).

EOS is willing to grant Developer the opportunity to develop Franchised Restaurants in a certain geographic territory, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of EOS’s grant to Developer of the right to develop Franchised Restaurants in the Development Territory during the term of this Agreement (“Development Term”), as well as the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT OF DEVELOPMENT RIGHTS

A. Grant; Territory. EOS hereby grants to Developer, subject to the terms, conditions, provisions and limitations of this Agreement, the right to develop Franchised Restaurants within the geographic area described in the attached Data Sheet (“Development Territory”) during the Development Term. The Development Term begins on the date this Agreement is signed by EOS and terminates on the date that the Developer signs the lease or purchases the site for the last Franchised Restaurant that Developer is required to develop pursuant to the Development Schedule in the attached Data Sheet. There is no renewal term for this Agreement. Each Franchised Restaurant shall be located in the Development Territory at a specific location approved by EOS.

B. Development Rights Only. This Agreement is not a license or a franchise agreement. It does not give Developer the right to operate Earl of Sandwich Restaurants or use the System. In addition, this Agreement does not give Developer any right to license others to operate Earl of Sandwich Restaurants or use the System. This Agreement only gives Developer the opportunity to enter into Franchise Agreements for the operation of Franchised Restaurants at locations in the Development Territory approved by EOS. Each Franchised Restaurant developed pursuant to this Agreement shall be established and operated only in strict accordance with a separate Franchise Agreement.

C. Forms of Agreement. Developer acknowledges that EOS intends to enter into agreements with other developers and franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that EOS and other developers and franchisees may have different rights and obligations do not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

2. LIMITED EXCLUSIVE RIGHTS

A. The System (including the products sold under the Proprietary Marks) has been developed, and is designed, to function effectively in a wide variety of retail environments, many of which are not practically available to Developer. Accordingly, EOS reserves to itself the rights to: **(1)** operate, and license others to operate, restaurants identified in whole or in part by the name and mark “Earl of Sandwich” and/or utilizing the System in the Development Territory that are located in airports, train stations, bus stations, service plazas, stadiums, arenas, convention centers, military facilities, gas stations, convenience stores, schools, colleges, universities, hospitals, theme parks, office buildings, food courts, venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, Indian reservations, casinos or any similar captive market location not reasonably available to Developer; **(2)** award national or regional licenses to third parties to sell products under the name and mark “Earl of Sandwich” in foodservice facilities primarily identified by the third party’s trademark; **(3)** develop and operate, and license others to develop and operate, restaurants other than restaurants identified in whole or in part by the name and mark “Earl of Sandwich” and/or utilizing the System in the Development Territory; **(4)** merchandise and distribute products identified by some or all of the Proprietary Marks in the Development Territory through any other method or channel of distribution; and **(5)** sell and distribute products identified by some or all of the Proprietary Marks in the Development Territory to restaurants other than restaurants identified in whole or in part by the name and mark “Earl of Sandwich,” provided those restaurants are not licensed to use the Proprietary Marks in connection with their retail sales.

B. Except as reserved in the preceding paragraph, EOS will not, during the Development Term, operate, or license others to operate, restaurants identified in whole or in part by the name and mark “Earl of Sandwich” in the Development Territory, provided Developer is in compliance with the terms of this Agreement and any other agreements with EOS or its affiliates and is current on all obligations due EOS and its affiliates. This Section 2 does not prohibit EOS or its affiliates from: **(1)** operating, and licensing others to operate, during the Development Term, restaurants identified in whole or in part by the name and mark “Earl of Sandwich” at any location outside of the Development Territory; **(2)** operating,

and licensing others to operate, after this Agreement terminates or expires, restaurants identified in whole or in part by the name and mark “Earl of Sandwich” at any location; and **(3)** operating, and licensing others to operate, at any location, during or after the Development Term, any type of restaurant other than a restaurant identified in whole or in part by the name and mark “Earl of Sandwich.”

C. The restrictions contained in this Section 2 apply only to EOS and do not apply to restaurants identified in whole or in part by the name and mark “Earl of Sandwich” under construction or in operation in the Development Territory as of the date of this Agreement.

3. DEVELOPMENT SCHEDULE

A. Development Obligations. During the Development Term, Developer shall develop, open and continuously operate in the Development Territory the number of Franchised Restaurants specified in the Development Schedule in the attached Data Sheet. For each Franchised Restaurant to be developed during the Development Term, Developer shall have obtained EOS’s written approval of the site by the site approval date listed in the Development Schedule in the attached Data Sheet. Strict compliance with the Development Schedule is essential to this Agreement. Any failure by Developer in fulfilling its obligations to develop and open any Franchised Restaurant when required by the Development Schedule or to obtain site approval by the date specified in the Development Schedule shall constitute a material, non-curable breach of this Agreement permitting EOS immediately to terminate this Agreement by giving written notice of termination to Developer. **Time is of the essence.**

B. Initial Fees Due Under the Franchise Agreements. Subject to the Development Fee credits set forth in Section 4 below, Developer shall pay to EOS the following initial fees for each Franchised Restaurant to be developed under this Agreement (“Initial Fees”) upon execution of the Franchise Agreement for each Franchised Restaurant.

(1) An initial franchise fee in the amount of \$15,000 (“Initial Franchise Fee”) to use the System and the Proprietary Marks; and

(2) An application fee in the amount of \$10,000 (“Application Fee”) for site development and training costs incurred by EOS.

C. Effect of Sale of Franchised Restaurant on Developer’s Obligations. If, during the Development Term, Developer sells a Franchised Restaurant that was developed pursuant to this Agreement, that Franchised Restaurant will continue to be counted as a Franchised Restaurant for the purpose of meeting Developer’s obligations under the Development Schedule, provided that the sale has been approved by EOS and only so long as that restaurant continues to be operated pursuant to a franchise agreement with EOS or its affiliates.

D. Execution of Franchise Agreements by Affiliated Entities. At Developer’s request, EOS will permit the Franchise Agreement for any Franchised Restaurant in the Development Territory to be executed by a corporation, a limited liability company or general or limited partnership formed by Developer to develop and operate the Franchised Restaurant (“Affiliated Entity”), provided all of the following conditions are met: **(1)** Developer, the Development Principal (defined in Section 8.G.) or Developer’s Continuity Group (defined in Section 8.E.) owns at least 51% of the voting securities of a corporate Affiliated Entity, at least 51% of the membership interests in a limited liability company Affiliated Entity or all of the general partnership interests of a partnership Affiliated Entity; **(2)** the Affiliated Entity conducts no business other than the operation of the Franchised Restaurant; **(3)** Developer, the Development Principal, the members of Developer’s Continuity Group and all holders of a legal or beneficial interest in Developer of 10% or more (“10% Owner(s)”) agree to assume full and unconditional liability for, and agree to perform all obligations, covenants and agreements contained in the Franchise Agreement; and **(4)** all owners of voting securities of a corporate Affiliated Entity, membership interests of

a limited liability company Affiliated Entity or partnership interests of a partnership Affiliated Entity possess a good moral character, as determined by EOS in its sole discretion, and Developer provides EOS all reasonably requested information to permit EOS to make such a determination.

4. DEVELOPMENT FEE

Developer shall pay to EOS, at the time this Agreement is signed, a development fee equal to \$25,000 per Franchised Restaurant that Developer has agreed to develop in the Development Territory during the Development Term (“Development Fee”). The total amount of the Development Fee paid by Developer is set forth in the attached Data Sheet. Developer acknowledges and agrees that the Development Fee is fully earned by EOS when paid, and it is not refundable. The Development Fee shall be credited against Developer’s Initial Franchise Fee and Application Fee, which are payable pursuant to each Franchise Agreement executed pursuant to the terms hereof, however, the aggregate amount of such credits shall not exceed the Development Fee.

5. DEVELOPMENT PROCEDURES

A. Developer’s Responsibility. Developer assumes all cost, liability and expense for locating, obtaining and developing sites for Franchised Restaurants and constructing and equipping Franchised Restaurants in accordance with EOS’s standards at approved sites. Developer shall not make any binding commitments to purchase or lease a site until EOS has approved the site in writing. EOS reserves the right to require Developer to engage the services of a real estate broker approved by EOS to assist Developer in identifying and securing sites for the Franchised Restaurants.

B. Site Selection Assistance. EOS will provide Developer with the following site selection assistance within the Development Territory: **(1)** EOS’s site selection guidelines and, as Developer may request, a reasonable amount of consultation with respect thereto; and **(2)** such on-site evaluation as EOS may deem advisable as part of its evaluation of Developer’s request for site approval. EOS reserves the right to retain the services of third party real estate analysts to evaluate proposed sites for Earl of Sandwich Restaurants. If EOS does so, Developer must reimburse EOS for the costs of the third party evaluation of Developer’s proposed sites.

C. Real Estate Site Application. Developer shall submit to EOS a Real Estate Site Application (containing that information as EOS may reasonably require) for each proposed site which Developer reasonably believes to conform to site selection criteria that EOS establishes from time to time for demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses (including restaurants operated or franchised by EOS or its affiliates), the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises.

D. Business Plan. Developer shall develop and submit to EOS, simultaneously with the submission of the Real Estate Site Application, a business plan (“Business Plan”) for the length of the Development Term. The Business Plan shall outline the actions that Developer will take to ensure Developer’s compliance with the Development Schedule and the development, operation and management of the Franchised Restaurants in accordance with EOS’s standards. During the Development Term, Developer agrees to revise the Business Plan as required by EOS and further agrees to implement that Business Plan as approved by EOS.

E. Site Approval.

(1) Within 15 days after EOS’s receipt of the Real Estate Site Application, the Business Plan and any additional information that EOS may reasonably require, EOS’s Real Estate Review

Committee shall review that information, evaluate the proposed site and advise Developer in writing whether it has approved a particular site. If EOS does not respond within that time period, EOS shall be deemed to have rejected the site. EOS's approval or rejection of a site may be subject to reasonable conditions as determined in its sole discretion. (A site which EOS has approved shall be referred to as an "Authorized Site.")

(2) Developer acknowledges that, in order to preserve and enhance the reputation and goodwill of all restaurants franchised by EOS and the goodwill of the Proprietary Marks, all Franchised Restaurants must be properly developed, operated and maintained. Accordingly, Developer agrees that EOS may refuse to approve a site for a proposed Franchised Restaurant unless Developer demonstrates sufficient financial capabilities, in EOS's sole judgment, applying standards consistent with criteria EOS uses to establish restaurants in other comparable market areas, to properly develop, operate and maintain the proposed Franchised Restaurant. To this end, Developer shall furnish EOS with such financial statements and other information regarding Developer (or its Affiliated Entity, as defined in Section 3.D.) and the development and operation of the proposed Franchised Restaurant, including, without limitation, investment and financing plans for the proposed Franchised Restaurant, as EOS reasonably may require.

(3) **EOS's approval of one or more sites is not a representation or a promise by EOS that an Earl of Sandwich Restaurant at the Authorized Site will achieve a certain sales volume or a certain level of profitability. Similarly, EOS's approval of one or more sites and its rejection of other sites is not a representation or a promise that an Authorized Site will have a higher sales volume or be more profitable than a site which EOS did not approve. EOS assumes no liability or responsibility for: (a) evaluation of an Authorized Site's soil for hazardous substances; (b) inspection of any structure on the Authorized Site for asbestos or other toxic or hazardous materials; (c) compliance with the Americans with Disabilities Act ("ADA"); or (d) compliance with any other applicable law. It is Developer's sole responsibility to obtain satisfactory evidence and/or assurances that the Authorized Site (and any structures thereon) is free from environmental contamination and in compliance with the requirements of the ADA.**

F. Execution of Agreements. Within 30 days after EOS approves the site, EOS will prepare and forward to Developer a Franchise Agreement for the Authorized Site. The form of Franchise Agreement for Developer's first Franchised Restaurant shall be the form included in the applicable Franchise Disclosure Document as of the date of this Agreement. The form of Franchise Agreement for the other Franchised Restaurants to be developed by Developer pursuant to this Agreement shall be the then-current standard form in general use at the time of EOS's notice to Developer. Within 90 days after EOS approves the site, Developer shall sign and return the Franchise Agreement (along with the Initial Fees) to EOS. EOS will then sign the Franchise Agreement and return a fully-executed original of the Franchise Agreement to Developer.

G. Lease Provisions. If Developer proposes to lease or sublease the Authorized Location, Developer shall provide EOS with a copy of the fully-executed lease or sublease (for a term, including renewal terms, for at least the Initial Term of the Franchise Agreement) for the Authorized Location within 90 days after EOS approves the site for the Authorized Location. The lease or sublease shall not contain any covenants or other obligations that would prevent Developer from performing its obligations under the Franchise Agreement. Unless waived in writing by EOS, any lease, sublease, letter of intent or lease memorandum for the Authorized Location shall contain provisions that satisfy the following requirements during the entire term of the lease, including any renewal terms:

(1) The landlord consents to Developer's use of the proprietary signs, distinctive exterior and interior designs and layouts and the Proprietary Marks prescribed by EOS and, upon expiration or the earlier termination of the lease, consents to permit Developer, at Developer's expense, to remove all such items and other trade fixtures, so long as Developer makes repairs to the building caused by such removal.

(2) The landlord agrees to provide EOS (at the same time sent to Developer) a copy of all amendments, assignments and notices of default pertaining to the lease and the leased premises.

(3) EOS shall have the right to enter the leased premises to make any modifications or alterations necessary to protect the System and the Proprietary Marks and to cure, within the time periods provided by the lease, any default under the lease, all without being guilty of trespass or other tort, and to charge Developer for these costs.

(4) The landlord agrees that Developer shall be solely responsible for all obligations, debts and payments under the lease.

(5) The landlord agrees that, following the expiration or earlier termination of the Franchise Agreement, Developer shall have the right to make those alterations and modifications to the premises as may be necessary to clearly distinguish to the public the premises from an Earl of Sandwich Restaurant and also make those specific additional changes as EOS reasonably may request for that purpose. The landlord also agrees that, if Developer fails to promptly make these alterations and modifications, EOS shall have the right to do so without being guilty of trespass or other tort so long as EOS makes repairs to the building caused by such alterations and modifications.

(6) The landlord agrees not to amend or otherwise modify the lease in any manner that would affect any of the foregoing requirements without EOS's prior written consent, which consent shall not be unreasonably withheld.

(7) Developer may assign the lease to EOS or its designee with landlord's consent (which consent shall not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.

(8) The landlord agrees to consent to Developer's collaterally assigning the lease to EOS or its designee, granting EOS the option, but not the obligation, to assume the lease from the date EOS takes possession of the leased premises, without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.

H. Development Training. Developer shall complete, to EOS's satisfaction, any development training required by EOS. Developer also may attend optional development training as offered by EOS from time to time, subject to payment of a tuition fee as established by EOS from time to time. Developer will be required to pay all travel, living, food and other incidental expenses incurred by Developer and its employees while attending development training and optional development training.

I. Delegation. EOS has the right, from time to time, to delegate the performance of any portion or all of its obligations and duties under this Agreement to designees, whether affiliates or agents of EOS or independent contractors with which EOS has contracted to provide this service.

6. INSURANCE

A. Procurement of Insurance by Developer. Developer shall be responsible for all loss or damage arising from or related to Developer's development and operation of each Franchised Restaurant, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development or operation of, each Franchised Restaurant. Developer shall maintain in full force and effect throughout the Development Term that insurance which Developer determines is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of each Franchised Restaurant, which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by Section 6.B. EOS, and any entity with an insurable interest designated by EOS, shall be an additional insured in all liability policies (except workers compensation) to the extent each has an insurable interest.

B. Minimum Insurance Requirements. All insurance policies shall be written by an insurance company or companies satisfactory to EOS, in compliance with the standards, specifications, coverages and limits set forth in the Manual or otherwise provided to Developer in writing. EOS may reasonably increase the minimum required coverage and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances. Developer shall receive written notice of such modifications and shall take prompt action to secure the additional coverage or higher policy limits. These policies shall include, at a minimum, the following for each Franchised Restaurant:

(1) Comprehensive or Commercial General Liability Insurance, including coverage for bodily injury, personal injury, products liability, contractual liability, broad form property damage, non-owned automobiles and completed operations on an occurrence basis with policy limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

(2) All Risks Property Insurance, for fire and related peril (including floods and earthquakes where applicable) with limits of insurance of not less than the full replacement value of each Franchised Restaurant and its furniture, fixtures, equipment, inventory and other tangible property.

(3) Business Interruption and Extra Expense Insurance, including rental payment continuation for a minimum of 12 months, loss of profits and other extra expenses experienced during the recovery from property loss.

(4) Plate Glass Insurance for replacement of glass from breakage.

(5) Employer's Liability Insurance in the amount of \$100,000 per person, \$500,000 in the aggregate and \$100,000 for occupational disease.

(6) Liquor Liability Insurance for bodily injury and property damage on an occurrence basis with policy limits of not less than \$1,000,000 per Franchised Restaurant operated by Developer, to the extent that EOS has approved the sale of alcoholic beverages at any Franchised Restaurant.

(7) Workers' Compensation and such other insurance as may be required by statute or rule of the state or locality in which each Franchised Restaurant will be located. This coverage shall also be in effect for all of Developer's employees who participate in any EOS training programs.

(8) Builder's All Risk Insurance in connection with any new construction or substantial renovation, refurbishment or remodeling of a Franchised Restaurant. Developer shall also maintain performance and completion bonds in forms and amounts, and written by carrier(s), reasonably satisfactory to EOS.

(9) Cyber-Liability Insurance with a minimum limit of \$1,000,000 to include coverage for business interruption loss, cyber extortion, data recovery costs and data and network liability.

(10) Umbrella or Excess Liability Insurance in the amount of \$3,000,000 per occurrence and \$3,000,000 in annual aggregate that includes the prior mentioned coverages as underlying policies. Coverage shall follow form over general liability (including non-owned & hired liability), liquor liability, automobile liability and employer's liability.

C. General Insurance Requirements. The following general requirements shall apply to each insurance policy that Developer is required to maintain under this Agreement:

(1) Each insurance policy shall be specifically endorsed to provide that the coverages shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory. The applicable limits of each insurance policy shall be exhausted before any benefits (defense or indemnity) may be obtained under any other insurance (including self-insurance) providing coverage to EOS. The workers compensation policy shall include a waiver of subrogation in favor of EOS. In the event payments are required to be made under EOS's own insurance policies or self-insurance (whether for defense or indemnity) before the applicable coverage limits for the insurance policies obtained by Developer are exhausted, Developer agrees to reimburse, hold harmless and indemnify EOS and its insurers for such payments. Developer shall notify its insurers of this Agreement and shall use reasonable efforts to obtain an endorsement on each policy it obtains pursuant to Section 6.B. stating as follows:

The applicable limits of this policy shall be applied and exhausted before any benefits may be obtained (whether for defense or indemnity) under any other insurance (including self-insurance) that may provide coverage to EOS. All insurance coverage obtained by EOS shall be considered excess insurance with respect to this policy, the benefits of which excess insurance shall not be available until the applicable limits of this policy are exhausted.

(2) No insurance policy shall contain a provision that in any way limits or reduces coverage for Developer in the event of a claim by EOS or its affiliates.

(3) Each insurance policy shall extend to, and provide indemnity for, all obligations and liabilities of Developer to third parties and all other items for which Developer is required to indemnify EOS under this Agreement.

(4) Each insurance policy shall be written by an insurance company that has received and maintains an "A+" or better rating by the latest edition of Best's Insurance Rating Service.

(5) No insurance policy shall provide for a deductible amount that exceeds \$5,000, unless otherwise approved in writing by EOS, and Developer's co-insurance under any insurance policy shall be 80% or greater.

D. Proof of Insurance. No later than 30 days after this Agreement is executed by EOS, and on each policy renewal date thereafter, Developer shall submit a certificate of insurance, or other evidence of satisfactory insurance as required by this Section 6.D. and proof of payment therefor to EOS. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled

or materially altered without at least 10 days' prior written notice to EOS. Upon request, Developer also shall provide to EOS copies of all or any policies and policy amendments and riders.

E. No Representations. Developer acknowledges that no requirement for insurance contained in this Agreement constitutes advice or a representation by EOS that only such policies, in such amounts, are necessary or adequate to protect Developer from losses in connection with its business under this Agreement. Maintenance of this insurance, and the performance by Developer of its obligations under this Section, shall not relieve Developer of liability under the indemnification provisions of this Agreement.

F. Procurement of Insurance by EOS. Should Developer, for any reason, fail to procure or maintain at least the insurance required by this Section 6, as revised from time to time pursuant to the Manual or otherwise in writing, EOS shall have the immediate right and authority, but not the obligation, to procure such insurance and charge its cost to Developer. Developer shall reimburse EOS for all out-of-pocket costs incurred by EOS in obtaining such insurance on behalf of Developer immediately upon Developer's receipt of an invoice therefor.

7. MANUAL

EOS will loan to Developer for the Development Term one copy of the Manual. The Manual contains the System standards, including mandatory specifications and standards relating to construction of Franchised Restaurants and information relating to Developer's other obligations under this Agreement. Developer agrees to comply fully with these obligations and mandatory specifications. EOS may modify the Manual and Developer shall comply with all modified System standards. Franchisee agrees at all times to develop the Franchised Restaurants in strict conformity with the Manual; to maintain the Manual at the Developer's offices; to not reproduce the Manual or any part of it; and to treat the Manual as confidential and proprietary, and; to disclose the contents of the Manual only to those employees of Developer who have a need to know. Developer shall keep its copy of the Manual current and up-to-date with all additions and deletions provided by EOS and shall purchase whatever equipment and related services (including, without limitation, computer system, Internet service, dedicated phone line, facsimile machine, etc.) as may be necessary to receive these communications. If a dispute relating to the contents of the Manual develops, the master copy maintained by EOS at its principal offices shall control.

8. ORGANIZATION OF DEVELOPER

A. Representations.

(1) If Developer is a corporation, a limited liability company or a partnership, Developer makes the following representations and warranties: **(a)** it is duly organized and validly existing under the laws of the state of its formation; **(b)** it is qualified to do business in the state or states in which the Development Territory is located; **(c)** execution of this Agreement and the development and operation of Franchised Restaurants is permitted by its governing documents; and **(d)** unless waived in writing by EOS, Developer's Articles of Incorporation, Articles of Organization or written partnership agreement shall at all times provide that the activities of Developer are limited exclusively to the development and operation of Earl of Sandwich Restaurants and other restaurants operated by Developer that are franchised by EOS or its affiliates.

(2) If Developer is an individual, or a partnership comprised solely of individuals, Developer makes the following additional representations and warranties: **(a)** each individual has executed this Agreement; **(b)** each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and **(c)** notwithstanding any transfer for convenience of ownership pursuant to Section 10.D., each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement.

B. Governing Documents. If Developer is a corporation, copies of Developer's Articles of Incorporation, bylaws, other governing documents and any amendments, including the resolution of the Board of Directors authorizing entry into and performance of this Agreement, and all shareholder agreements, including buy/sell agreements, have been furnished to EOS. If Developer is a limited liability company, copies of Developer's Articles of Organization, Management Agreement, other governing documents and any amendments, including the resolution of the Managers authorizing entry into and performance of this Agreement, and all agreements, including buy/sell agreements, among the members have been furnished to EOS. If Developer is a partnership, copies of Developer's written partnership agreement, other governing documents and any amendments, as well as all agreements, including buy/sell agreements, among the partners have been furnished to EOS, in addition to evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if that approval or consent is required by Developer's written partnership agreement. When any of these governing documents are modified or changed, Developer promptly shall provide copies to EOS.

C. Ownership Interests.

(1) If Developer is a corporation, a limited liability company or a partnership, all interests in Developer are owned as set forth in the attached Data Sheet. In addition, if Developer is a corporation, Developer shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities of the corporation (and the number of shares owned by each). If Developer is a limited liability company, Developer shall maintain a current list of all members (and the percentage membership interest of each member). If Developer is a partnership, Developer shall maintain a current list of all owners of an interest in the partnership (and the percentage ownership of each owner). Developer shall comply with Section 10 prior to any change in ownership interests and shall execute addenda to the attached Data Sheet as changes occur in order to ensure the information contained in the attached Data Sheet is true, accurate and complete at all times.

(2) The requirements of this Section 8.C. shall apply only to Developer's Continuity Group (defined in Section 8.E.) if, as of the date of the first franchise-related agreement between Developer and EOS or one of its affiliates, Developer was a publicly-held entity (*i.e.*, an entity that has a class of securities traded on a recognized securities exchange or quoted on the inter-dealer quotation sheets known as the "pink sheets"). If Developer becomes a publicly-held entity after that date, it shall thereafter be required to execute addenda to the attached Data Sheet only with respect to changes in ownership interests of members of the Continuity Group.

D. Restrictive Legend. If Developer is a corporation, Developer shall maintain stop-transfer instructions against the transfer on its records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the Earl of Sandwich Restaurant Development Agreement and the Earl of Sandwich Restaurant Franchise Agreement(s) to which the corporation is a party." If Developer is a publicly-held corporation these requirements shall apply only to the stock owned by Developer's Continuity Group. If Developer is a limited liability company, each membership or management certificate or other evidence of interest in Developer shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the Earl of Sandwich Restaurant Development Agreement and the Earl of Sandwich Restaurant Franchise Agreement(s) to which the limited liability company is a party." If Developer is a partnership, its written partnership agreement shall provide that ownership of an interest in the partnership is held subject to, and that further assignment or transfer is subject to, all restrictions imposed on assignment by this Agreement.

E. Continuity Group. If Developer is a corporation, a limited liability company or a partnership, the attached Data Sheet lists those persons whom EOS and Developer have designated as Developer's "Continuity Group." In the event of any change in the Continuity Group or in the ownership interests of any member of the Continuity Group, Developer shall execute addenda to the attached Data Sheet to reflect the change. If Developer is a corporation, the Continuity Group shall at all times own at least 51% of the voting securities of Developer; if Developer is a limited liability company, the Continuity Group shall at all times own at least 51% of the membership interests in Developer; and if Developer is a partnership, the Continuity Group shall at all times have at least a 51% interest in the operating profits and losses and at least a 51% ownership interest in Developer.

F. Guarantees.

(1) All members of the Continuity Group and each of their spouses, if applicable, shall jointly and severally guarantee Developer's payment and performance under this Agreement and shall bind themselves to the terms of this Agreement pursuant to the attached Guarantee and Assumption of Developer's Obligations ("Guarantee"). Unless Developer is a publicly-held entity, all of Developer's officers, directors and all holders of a legal or beneficial interest in Developer of 10% or more ("10% Owners") and each of their spouses, if applicable, also shall jointly and severally guarantee Developer's payment and performance under this Agreement and also shall bind themselves to the terms of this Agreement pursuant to the attached Guarantee. Notwithstanding the foregoing, EOS reserves the right, in its sole discretion, to waive the requirement that some or all of the previously described individuals execute the attached Guarantee. EOS reserves the right to require any guarantor to provide personal financial statements to EOS from time to time.

(2) With respect to 10% Owners, Developer acknowledges that, unless otherwise agreed to in writing by EOS, it is EOS's intent to have individuals (and not corporations, limited liability companies or other entities) execute the Guarantee. Accordingly, if any 10% Owner is not an individual, EOS shall have the right to have the Guarantee executed by individuals who have only an indirect ownership interest in Developer. (By way of example, if a 10% Owner of Developer is a corporation, EOS has the right to require that the Guarantee be executed by individuals who have an ownership interest in that corporation.)

(3) If Developer, any guarantor or any parent, subsidiary or affiliate of Developer holds any interest in other restaurants that are franchised by EOS or its affiliates, the party who owns that interest shall execute, concurrently with this Agreement, a form of cross-guarantee to EOS and its affiliates for the payment of all obligations for such restaurants, unless waived in writing by EOS in its sole discretion. For purposes of this Agreement, an affiliate of Developer is any company controlled, directly or indirectly, by Developer or Developer's parent or subsidiary.

G. Development Principal.

(1) If Developer is owned by more than one individual, Developer shall designate and retain an individual to serve as the Development Principal. The Development Principal as of the date of this Agreement is identified in the attached Data Sheet. Unless waived in writing by EOS, the Development Principal shall meet all of the following qualifications:

(a) The Development Principal, at all times, shall be a member of the Continuity Group and, at a minimum, have full control over the day-to-day development of Developer's Franchised Restaurants.

(b) The Development Principal shall devote substantial and adequate time and reasonable efforts to supervising the development of Developer's Franchised Restaurants and shall not

engage in any other business or activity, directly or indirectly, that requires substantial management responsibility.

(c) If requested by EOS, the Development Principal shall successfully complete EOS's development training. In addition, the Development Principal shall successfully complete EOS's initial manager training program (either the full initial manager training program or a modified version of the initial manager training program to meet the specific needs of the candidate, as deemed appropriate by EOS in its sole discretion).

(d) EOS shall have approved the Development Principal and not have later withdrawn that approval.

(2) If the Development Principal no longer qualifies as such, Developer shall designate another qualified person to act as Development Principal within 30 days after the date the prior Development Principal ceases to be qualified. Developer's designee to become the Development Principal must successfully complete the initial manager training program. Following EOS's approval of a new Development Principal, that person shall execute the attached form of Guarantee unless waived by EOS in its sole discretion.

9. TRANSFERS BY EARL OF SANDWICH

EOS shall have the absolute, unrestricted right, exercisable at any time, to transfer and assign all or any part of its rights and obligations under this Agreement to any person or legal entity without the consent of Developer.

10. TRANSFERS BY DEVELOPER

A. EOS's Prior Written Approval Required.

(1) Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer, that EOS has entered into this Agreement in reliance on Developer's business skill, financial capacity, personal character, experience and demonstrated or purported ability in developing and operating high quality foodservice operations and that EOS has entered into this Agreement with the understanding that, except as otherwise reserved by EOS in Section 2, Developer and/or its Affiliated Entities will be the only franchisee of EOS in the Development Territory during the Development Term. Accordingly, neither Developer nor any immediate or remote successor to any part of Developer's interest in this Agreement, nor any individual, partnership, corporation or other legal entity which directly or indirectly controls Developer shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in Developer, this Agreement or any other assets pertaining to Developer's operations under this Agreement (collectively "Transfer") without the prior written consent of EOS, which consent shall not be unreasonably withheld. EOS shall be free to withhold consent to any Transfer, without consideration of the factors listed in Section 10.B., if Developer does not propose to Transfer the same interest with respect to all agreements with EOS in the Development Territory.

(2) Except as otherwise provided in this Agreement, any purported Transfer, by operation of law or otherwise, not having the prior written consent of EOS shall be null and void and shall constitute a material breach of this Agreement, for which EOS may terminate this Agreement without providing Developer an opportunity to cure the breach.

B. Transfer Considerations. Developer shall advise EOS in writing of any proposed Transfer, submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee and submit a copy of all contracts and all other agreements or proposals, and all other information requested by EOS, relating to the proposed Transfer. If EOS does not exercise its right of first refusal, the

decision as to whether or not to approve a proposed Transfer shall be made by EOS in its reasonable business discretion and shall include numerous factors deemed relevant by EOS. These factors may include, but will not be limited to, the following:

(1) The proposed transferee (and if the proposed transferee is other than an individual, such owners of an interest in the transferee as EOS may request) must demonstrate that it has extensive experience in high quality restaurant operations of a character and complexity similar to the restaurants franchised by EOS or its affiliates; meets the managerial, operational, experience, quality, character and business standards for a developer promulgated by EOS from time to time; possesses a good character, business reputation and credit rating; has an organization whose management culture is compatible with EOS's management culture; and has adequate financial resources and working capital to meet Developer's development obligations under this Agreement.

(2) The sales price shall not be so high, in EOS's reasonable judgment, as to jeopardize the ability of the transferee to develop, maintain, operate and promote the Franchised Restaurants and meet financial obligations to EOS, third party suppliers and creditors. EOS's decision with respect to a proposed Transfer shall not create any liability on the part of EOS: (a) to the transferee, if EOS approves the Transfer and the transferee experiences financial difficulties; or (b) to Developer or the proposed transferee, if EOS disapproves the Transfer pursuant to this Section 10 or for other legitimate business purposes. EOS, without any liability to Developer or the proposed transferee, has the right, in its reasonable business discretion, to communicate and counsel with Developer and the proposed transferee regarding any aspect of the proposed Transfer.

(3) All of Developer's accrued monetary obligations to EOS and its affiliates (whether arising under this Agreement or otherwise) and all other outstanding obligations related to the Franchised Restaurants (including, but not limited to, bills from suppliers, taxes, judgments and any required governmental reports, returns, affidavits or bonds) have been satisfied or, in the reasonable judgment of EOS, adequately provided for. EOS reserves the right to require that a reasonable sum of money be placed in escrow to ensure that all of these obligations are satisfied.

(4) Developer is not then in material default of any provision of this Agreement or any other agreement between Developer and EOS or its affiliates, is not in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to Developer's Franchised Restaurants and is not in default beyond the applicable cure period with any vendor or supplier to Developer's Franchised Restaurants.

(5) Developer, all individuals who executed this Agreement and all guarantors of Developer's obligations must execute a general release and a covenant not to sue, in a form satisfactory to EOS, of any and all claims against EOS and its affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement and any other agreements between Developer and EOS or its affiliates and all other restaurants operated by Developer that are franchised by EOS or its affiliates.

(6) Unless waived by EOS in its reasonable business discretion, the transferee and those employees of the transferee designated by EOS shall complete the development training programs provided in Section 5.H.

C. Conditions of Transfer. If EOS approves a proposed Transfer, prior to the Transfer becoming effective:

(1) The transferor shall pay to EOS a nonrefundable Transfer fee in an amount of \$10,000 in connection with EOS's review of the Transfer application.

(2) Developer and the proposed transferee shall execute, at EOS's election, either an assignment agreement and any amendments to this Agreement deemed necessary or desirable by EOS to reflect the Transfer or EOS's then-current standard form of development agreement for a term ending on the expiration date of this Agreement. In either event, a guarantee of the type required by Section 8.F. shall be executed by those individuals identified in Section 8.F.

(3) Developer shall, at EOS's request, execute a written guarantee pursuant to which Developer shall remain liable for all obligations to EOS incurred before the date of the Transfer and for a period of 1 year following such Transfer.

D. Transfers for Convenience of Ownership. If Developer is an individual or a partnership and desires to Transfer this Agreement to a corporation (or limited liability company) formed for the convenience of ownership, the requirements of Section 10.B. shall apply to such a Transfer; however, Developer will not be required to pay a Transfer fee. EOS's approval also will be conditioned on the following: (1) the corporation (or limited liability company) must be newly organized; (2) prior to the Transfer, EOS must receive a copy of the documents specified in Section 8.B. and the transferee shall comply with the remaining provisions of Section 8; and (3) Developer must own all voting securities of the corporation (or membership interests of the limited liability company) or, if Developer is owned by more than one individual, each person shall have the same proportionate ownership interest in the corporation (or the limited liability company) as prior to the Transfer.

E. Issuance or Exercise of Stock Options. Notwithstanding the provisions of Section 10.B., the issuance of options or the exercise of options pursuant to a qualified stock option plan or a qualified employee stock ownership plan shall not be considered a Transfer and shall not require the prior written approval of EOS; provided no more than a total of 49% of Developer's outstanding voting securities are subject to the qualified stock option plan or qualified employee stock ownership plan.

F. Changes in Ownership of Developer's Voting Securities. If Developer was a publicly-held entity as of the date of the first franchise-related agreement between Developer and EOS or its affiliates, Section 10.B. shall be applicable to transfers of ownership interests in Developer only if the proposed Transfer would result in either: (1) 50% or more of Developer's voting securities being held by different shareholders than as of the date of the first franchise-related agreement between Developer and EOS or its affiliates; or (2) any change in ownership of Developer's voting securities whereby any existing shareholder of Developer acquires an additional 10% or more of Developer's voting securities; or (3) any change in the membership of the Continuity Group (unless such change is a permitted Transfer pursuant to Section 10.G.).

G. Transfers Permitted Without EOS's Prior Written Approval. Notwithstanding the provisions of Section 10.B., EOS agrees that certain Transfers shall be permitted without EOS's prior written approval, provided all of the following conditions are satisfied:

(1) The Transfer is a transfer of:

(a) A minority percentage of ownership interests in Developer and after the Transfer, the Continuity Group owns at least 51% of Developer's voting securities, if Developer is a corporation; the Continuity Group owns at least 51% of the membership interests in Developer, if Developer is a limited liability company; or the Continuity Group owns at least a 51% interest in the operating profits and losses of a partnership Developer as well as at least a 51% ownership interest in a partnership Developer.

(b) Ownership interests in Developer following the death or permanent disability of a person with an ownership interest in Developer, provided that the Transfer is to the parent, adult sibling, spouse or adult children of that person or to a member of the Continuity Group. Such Transfer shall be completed within a reasonable time, not to exceed 6 months from the date of death or permanent disability. Failure to complete the Transfer within this period of time will constitute a breach of this Agreement. A person shall be deemed to have a “permanent disability” if his personal, active participation in the development and operation of the Franchised Restaurants is for any reason curtailed for a continuous period of 6 months.

(2) Developer provides EOS written notice of its intent to undertake the Transfer at least 30 days prior to the effective date of the Transfer, together with documents demonstrating that the Transfer meets the requirements of this Section.

(3) At the time of Developer’s notice to EOS, Developer shall not be in default of this Agreement or any other agreements between Developer and EOS or its affiliates.

H. Grant of Security Interest. Developer shall not grant any security interest in its business or in any Franchised Restaurant or the assets used in the operation or development of any Franchised Restaurant without EOS’s prior written approval, which will not be unreasonably withheld. EOS’s approval may be conditioned, in its reasonable business discretion, on the written agreement by the secured party that, in the event of a default by Developer under any agreement related to the security interest, EOS shall have the right and option (but not the obligation) to purchase the rights of the secured party upon payment of all sums then due to the secured party.

I. Offerings by Developer. Securities or partnership interests in Developer may be sold, by private or public offering, only with EOS’s prior written consent (whether or not EOS’s consent is required under any other provision of this Section), which consent shall not be unreasonably withheld. In addition to the requirements of Section 10.B., prior to the time that any public offering or private placement of securities or partnership interests in Developer is made available to potential investors, Developer, at its expense, shall deliver to EOS a copy of the offering documents. Developer, at its expense, also shall deliver to EOS an opinion of Developer’s legal counsel and an opinion of one other legal counsel selected by EOS (both of which shall be addressed to EOS and in a form acceptable to EOS) that the offering documents properly use the Proprietary Marks and accurately describe Developer’s relationship with EOS and/or its affiliates. The indemnification provisions of Section 16 shall also include any losses or expenses incurred by EOS and/or its affiliates in connection with any statements made by or on behalf of Developer in any public offering or private placement of Developer’s securities.

J. EOS’s Right of First Refusal.

(1) If any party holding any interest in Developer or in this Agreement receives a bona fide offer (as determined by EOS in its reasonable discretion) from a third party or otherwise desires to undertake any Transfer that would require EOS’s approval (other than a Transfer for convenience of ownership pursuant to Section 10.D. or a sale of ownership interests in Developer to a spouse, parent, adult child or adult sibling), it shall notify EOS in writing of the terms of the proposed Transfer, and shall provide such information and documentation relating to the proposed Transfer as EOS may reasonably require. EOS or its designee may elect to purchase the interest that the seller proposes to Transfer any time within 30 days after receipt of written notification, and all documents and other information required by Section 10.B., by sending written notice to the seller that EOS or its designee intends to purchase the seller’s interest on the same financial terms and conditions offered by the third party (except that EOS or its designee shall not be obligated to pay any finder’s or broker’s fees). In purchasing the interest, EOS or its designee shall be entitled to set off any monies owed to EOS and/or its affiliates by Developer and EOS or its designee shall be entitled to all customary representations and warranties that the assets are free and clear (or, if not, accurate and complete disclosure) as to: (a) ownership, condition and title; (b) liens and encumbrances; (c)

environmental and hazardous substances; and **(d)** validity of contracts inuring to the purchaser or affecting the assets, whether contingent or otherwise.

(2) If the offer to Developer involves assets in addition to this Agreement, Developer's Franchised Restaurants and other restaurants operated by Developer that are franchised by EOS or its affiliates, Developer's notice to EOS shall state the cash value of that portion of the offer received by Developer relating to this Agreement and those other restaurants. If the proposed Transfer provides for payment of consideration other than cash or it involves intangible benefits, EOS or its designee may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties are unable to agree within 30 days on the reasonable equivalent in cash of the non-cash part of the offer received by Developer, or the cash value of that portion of the offer received by Developer relating to this Agreement, Developer's Franchised Restaurants and those other restaurants, the amount shall be determined by two professionally certified appraisers, Developer selecting one and EOS or its designee selecting one. If the amounts set by the two appraisers differ by more than 10%, the two appraisers shall select a third professionally certified appraiser who also shall determine the amount. The average value set by the appraisers (whether two or three appraisers as the case may be) shall be conclusive and EOS or its designee may exercise its right of first refusal within 30 days after being advised in writing of the decision of the appraisers. The cost of the appraisers shall be shared equally by the parties.

(3) EOS's failure to exercise its right of first refusal shall not constitute approval of the proposed Transfer nor a waiver of any other provision of this Section 10 with respect to a proposed Transfer. If EOS does not exercise its right of first refusal, Developer may not thereafter Transfer the interest at a lower price or on more favorable terms than those that have been offered to EOS. EOS shall again be given a right of first refusal if a transaction does not close within 6 months after EOS elected not to exercise its right of first refusal. In no event shall Developer offer the interest for sale or transfer at public auction, nor at any time shall an offer be made to the public to sell, transfer or assign, through any advertisement, either in the newspapers or otherwise, without first having obtained the written approval of EOS to the auction or advertisement.

K. No Waiver. EOS's consent to any Transfer shall not constitute a waiver of any claims EOS may have against the transferring party, nor shall it be deemed a waiver of EOS's right to demand exact compliance with any of the terms of this Agreement by the transferee, nor will it be deemed a waiver of EOS's right to give or withhold approval to future Transfers.

11. GENERAL RELEASE

Developer (on behalf of itself and its parent, subsidiaries and affiliates and their respective past and present members, officers, directors, shareholders, agents and employees, in their corporate and individual capacities), all individuals who execute this Agreement and all guarantors of Developer's obligations under this Agreement (collectively "Releasors"), freely and without any influence, forever release and covenant not to sue EOS, its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees (collectively "Releasees"), in their corporate and individual capacities, from any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively "claims"), that any Releasor now owns or holds, or may at any time have owned or held, up to and including the date of this Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, claims for contribution, indemnity and/or subrogation, and claims arising out of, or relating to this Agreement and all other agreements between any Releasor and any Releasee, the sale of a franchise to any Releasor, the development of any Franchised Restaurant and the development and operation of all other restaurants operated by any Releasor that are franchised by any Releasee. Notwithstanding any provision to the contrary in this Section 11, this General Release does not release any claims arising from representations made in EOS's Franchise Disclosure Document or its exhibits or otherwise impair or affect any claims arising after the date of this Agreement.

12. COVENANTS

A. Best Efforts. During the Development Term, Developer and the Development Principal shall devote their best efforts to the development, management and operation of the Franchised Restaurants in the Development Territory.

B. Confidentiality.

(1) Developer acknowledges and agrees that: **(a)** EOS owns all right, title and interest in and to the System; **(b)** the System consists of trade secrets and confidential and proprietary information and know-how that gives EOS and its affiliates a competitive advantage; **(c)** EOS and its affiliates have taken all measures necessary to protect the trade secrets and the confidentiality of the proprietary information and know-how comprising the System; **(d)** all material or other information now or hereafter provided or disclosed to Developer regarding the System is disclosed in confidence; **(e)** Developer has no right to disclose any part of the System to anyone who is not an employee of Developer; **(f)** Developer will disclose to its employees only those parts of the System that an employee needs to know; **(g)** Developer will have a system in place to ensure its employees keep confidential EOS's trade secrets and confidential and proprietary information, and, if requested by EOS, Developer shall obtain from those of its employees designated by EOS an executed Confidential Disclosure Agreement in the form prescribed by EOS; **(h)** Developer will not acquire any interest in the System; and **(i)** Developer's use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which EOS would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

(2) Developer shall not, during the Development Term or at any time thereafter, communicate or disclose any trade secrets or confidential or proprietary information or know-how of the System to any unauthorized person, or do or perform, directly or indirectly, any other acts injurious or prejudicial to any of the Proprietary Marks or the System. Any and all information, knowledge, know-how and techniques, including all drawings, materials, equipment, specifications, recipes, techniques and other data that EOS or its affiliates designate as confidential shall be deemed confidential for purposes of this Agreement.

(3) If Developer develops any new concepts, processes or improvements relating to the System, Developer promptly shall notify EOS and provide EOS with all information regarding the new concept, process or improvement, all of which shall become the property of EOS and its affiliates and which may be incorporated into the System without any payment to Developer. Developer promptly shall take all actions deemed necessary and desirable by EOS to vest in EOS ownership of such concepts, processes or improvements.

C. Restrictions.

(1) Developer acknowledges and agrees that: **(a)** pursuant to this Agreement, Developer will have access to valuable trade secrets, specialized training and confidential information from EOS and its affiliates regarding the development, operation, purchasing, sales and marketing methods and techniques of EOS and its affiliates and the System; **(b)** the System and the opportunities, associations and experience established and acquired by Developer under this Agreement are of substantial and material value; **(c)** in developing the System, EOS and its affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; **(d)** EOS would be unable to adequately protect the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Earl of Sandwich Restaurants if franchisees or developers were permitted to hold interests in competitive businesses; and **(e)** restrictions on Developer's right to hold interests in, or perform services for, competitive businesses will not hinder its activities.

(2) Accordingly, Developer covenants and agrees that during the Development Term, and for a continuous period of 1 year following its expiration or earlier termination, Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, or other entity:

(a) Divert or attempt to divert any business or customer, or potential business or customer, of any restaurant franchised or operated by EOS or its affiliates to any competitor, by direct or indirect inducement or otherwise.

(b) Own, maintain, operate, engage in, advise, help, make loans to, or have any interest in, either directly or indirectly, any restaurant business: (i) that has sandwiches as a primary menu item (i.e., sales of all sandwiches comprise at least 10% of sales) or that offers any individual menu item that comprises at least 10% of sales at Earl of Sandwich Restaurants; or (ii) whose method of operation or trade dress is similar to that employed in the System. During the Development Term, there is no geographical limitation on this restriction. Following the expiration or earlier termination of the Development Term, this restriction shall apply within the Development Territory, within 2 miles of the border of the Development Territory and within 2 miles of any then-existing Earl of Sandwich Restaurant, except as otherwise approved in writing by EOS. This restriction shall not apply to Developer's existing restaurant or foodservice operations, if any, which are identified in the attached Data Sheet, nor shall it apply to other restaurants operated by Developer that are franchised by EOS or its affiliates.

(3) If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the 1-year period following expiration or earlier termination of this Agreement, Developer fails to comply with its obligations under this Section, that period of noncompliance will not be credited toward Developer's satisfaction of the 1-year obligation.

D. Additional Remedies for Breach. In addition to any other remedies or damages permitted under this Agreement, if Developer breaches Section 12.C.(2)(c) ("Covenants Against Competition") during the 1-year period following the expiration or earlier termination of this Agreement, for each restaurant business that violates those Sections, Developer shall pay to EOS: (1) a fee equal to EOS's then-current Initial Fees (including any Application Fees and Initial Franchise Fees) for franchised Earl of Sandwich Restaurants; and (2) 8% of the gross sales of that restaurant business until the expiration of the 1-year period following the expiration or earlier termination of this Agreement. Developer acknowledges that a precise calculation of the full extent of EOS's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section 12.D. is reasonable. Developer's payment to EOS under this Section shall be in addition to any attorney's fees and other costs and expenses to which EOS is entitled pursuant to Section 22.E. Developer acknowledges that breach of the Covenants Against Competition by Developer shall cause irreparable harm to EOS in addition to monetary damages and nothing in this Section 12.D. shall preclude EOS from obtaining appropriate injunctive relief to enforce the Covenants Against Competition and specific performance to enforce this Section 12.D.

E. Modification. EOS shall have the right, in its sole discretion, to reduce the scope of any covenant in this Section 12 effective immediately upon Developer's receipt of written notice, and Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 20.

F. Execution of Covenants by Third Parties. At EOS's request, Developer shall require and obtain the execution of covenants similar to those set forth in this Section 12 (including covenants applicable upon the termination of an individual's relationship with Developer) from all guarantors of Developer's obligations. Every covenant required by this Section 12.F. shall be in a form satisfactory to

EOS, including, without limitation, specific identification of EOS as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Developer to obtain execution of a covenant required by this Section 12.F. shall constitute a material breach of this Agreement.

G. Applicability. The restrictions contained in this Section 12 shall apply to Developer and all guarantors of Developer's obligations. With respect to guarantors, these restrictions shall apply for a 1 year period after any guarantor ceases to be the Development Principal or an officer, stockholder, director, member of the Continuity Group or a 10% Owner. The restrictions contained in this Section 12 shall not apply to ownership of less than a 5% legal or beneficial ownership in the outstanding equity securities of any publicly held corporation by Developer or any guarantor of Developer's obligations. The existence of any claim Developer or any guarantor of Developer's obligations may have against EOS or its affiliates, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by EOS of the covenants in this Section 12. The preceding sentence, however, does not constitute a waiver of any such claim.

13. TERMINATION

A. Grounds for Termination. In addition to the grounds for termination that may be stated elsewhere in this Agreement, EOS may terminate this Agreement, and the rights granted by this Agreement, upon written notice to Developer without an opportunity to cure upon the occurrence of any of the following events:

(1) Developer fails to obtain EOS's written approval of a site by the applicable site approval date listed in the attached Data Sheet.

(2) At any time during the Development Term, Developer fails to have open and operating the number of Franchised Restaurants required by the Development Schedule.

(3) Developer begins construction of a Franchised Restaurant before Developer has received a fully-executed Franchise Agreement for that location.

(4) Developer is insolvent or is unable to pay its creditors (including EOS); files a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization; there is filed against Developer a petition in bankruptcy, an arrangement for the benefit of creditors or petition for reorganization, which is not dismissed within 60 days of the filing; Developer makes an assignment for the benefit of creditors; or a receiver or trustee is appointed for Developer and not dismissed within 60 days of the appointment.

(5) Execution is levied against Developer's business or property; suit to foreclose any lien or mortgage against the premises or equipment of any Franchised Restaurant developed hereunder is instituted against Developer and is not dismissed within 60 days; or the real or personal property of any Franchised Restaurant developed hereunder shall be sold after levy thereupon by any sheriff, marshal or constable.

(6) There is a material breach by Developer of any obligation under Section 12.

(7) Any Transfer that requires EOS's prior written approval occurs without Developer having obtained that prior written approval.

(8) EOS discovers that Developer made a material misrepresentation or omitted a material fact in the information that was furnished to EOS in connection with its decision to enter into this Agreement.

(9) Developer knowingly falsifies any report required to be furnished EOS or makes any material misrepresentation in its dealings with EOS or fails to disclose any material facts to EOS.

(10) Developer, the Development Principal, any stockholder, member, partner, director or officer of Developer, any member of the Continuity Group or any 10% Owner is convicted of, or pleads no contest to, a felony charge, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of EOS, to adversely affect EOS, its affiliates or the System.

(11) Developer, the Development Principal, any member of the Continuity Group or any 10% Owner remains in default beyond the applicable cure period: (a) under any other agreement with EOS or its affiliates; (b) under any real estate lease, equipment lease, or financing instrument relating to a Franchised Restaurant; or (c) with any vendor or supplier to a Franchised Restaurant; provided that if the default is not by Developer, Developer is given written notice of the default and 30 days to cure said default.

(12) There is a material breach by Developer of any representation or warranty set forth in Section 24.G.-H.

(13) Developer fails or refuses to comply with any other provision of this Agreement or any requirement of the System and does not correct the failure or refusal within 30 days (10 days for monetary defaults) after receiving written notice of default. Except for monetary defaults, if the default cannot be corrected within 30 days, Developer shall have such additional time to correct the default as reasonably required (not to exceed 90 days) provided that Developer begins taking the actions necessary to correct the default during the 30-day cure period and diligently and in good faith pursues those actions to completion. Developer will be in default under this Section 13.A.(13) for any failure to materially comply with any of the requirements imposed by this Agreement or otherwise in writing, or to carry out the terms of this Agreement in good faith. If Developer has received 2 or more notices of default pursuant to this Section 13.A.(13) within the previous 12 months, EOS shall be entitled to send Developer a notice of termination upon Developer's next default under this Section 13.A.(13) in that 12-month period without providing Developer an opportunity to remedy that default.

B. Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

14. OBLIGATIONS ON TERMINATION OR EXPIRATION

A. Developer's Obligations. Upon termination or expiration of this Agreement:

(1) Developer shall have no further right to develop or open Franchised Restaurants in the Development Territory, except that Developer shall be entitled to complete and open a Franchised Restaurant for which a Franchise Agreement has been fully executed. Termination or expiration of this Agreement shall not affect Developer's right to continue to operate Franchised Restaurants that were open and operating as of the date this Agreement terminated or expired.

(2) The limited exclusive rights granted Developer in the Development Territory shall terminate, and EOS shall have the right to operate or license others to operate restaurants identified in whole or in part by the name and mark "Earl of Sandwich" anywhere in the Development Territory.

(3) Developer promptly shall return to EOS the Manual, any copies of the Manual and all other materials and information furnished by EOS or its affiliates, except materials and information furnished with respect to a Franchised Restaurant which is open and operating pursuant to an effective franchise agreement.

(4) Developer and all persons and entities subject to the covenants contained in Section 12 shall continue to abide by those covenants and shall not, directly or indirectly, take any action that violates those covenants.

(5) Developer immediately shall pay EOS and its affiliates all sums due and owing EOS or its affiliates pursuant to this Agreement.

(6) EOS shall retain the Development Fee.

B. Evidence of Compliance. Developer shall furnish EOS, within 30 days after the effective date of termination or expiration, evidence (certified to be true, complete, accurate and correct by the chief executive officer of Developer, if Developer is a corporation; by a manager of Developer, if Developer is a limited liability company; or by a general partner of Developer, if Developer is a partnership) satisfactory to EOS of Developer's compliance with Sections 14.A.(1) through 14.A.(6).

C. Developer Prohibited from Engaging in Certain Conduct. Developer shall not, except with respect to a restaurant franchised by EOS or its affiliates which is then open and operating pursuant to an effective franchise agreement: (1) operate or do business under any name or in any manner that might tend to give the public the impression that Developer is connected in any way with EOS or its affiliates or has any right to use the System or the Proprietary Marks; (2) make, use or avail itself of any of the materials or information furnished or disclosed by EOS or its affiliates under this Agreement or disclose or reveal any such materials or information or any portion thereof to anyone else; or (3) assist anyone not licensed by EOS or its affiliates to construct or equip a foodservice outlet substantially similar to an Earl of Sandwich Restaurant.

15. RELATIONSHIP OF THE PARTIES

A. This Agreement does not create a fiduciary or other special relationship between the parties. No agency, employment, or partnership is created or implied by the terms of this Agreement, and each party is not and shall not hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, joint employer, or employee of the other for any purpose whatsoever. Neither this Agreement nor EOS's course of conduct is intended, nor may anything in this Agreement (nor EOS's course of conduct) be construed to state or imply that EOS is the employer of Developer's employees and/or independent contractors, nor vice versa. Developer shall have no right or power to, and shall not, bind or obligate EOS or its affiliates in any way or manner, nor represent that Developer has any right to do so.

B. Developer is an independent contractor and is solely responsible for all aspects of the development and operation of the Franchised Restaurants, subject only to the conditions and covenants established by this Agreement and the Franchise Agreements. Without limiting the generality of the foregoing, Developer acknowledges that EOS has no responsibility to ensure that the Franchised Restaurants are developed in compliance with all applicable laws, ordinances and regulations and that EOS shall have no liability in the event the development or operation of the Franchised Restaurants violates any law ordinance or regulation.

C. The sole relationship between Developer and EOS is a commercial, arms' length business relationship and, except as provided in Section 16, there are no third party beneficiaries to this Agreement. Developer's business is, and shall be kept, totally separate and apart from any that may be operated by EOS. In all public records, in relationships with other persons, and on letterheads and business forms, Developer shall indicate its independent ownership of the Franchised Restaurants and that Developer is solely a franchisee of EOS. Developer shall not issue any press releases without the prior written approval of EOS.

16. INDEMNIFICATION

A. Developer and all guarantors of Developer's obligations under this Agreement shall, at all times, indemnify, defend (with counsel reasonably acceptable to EOS), and hold harmless (to the fullest extent permitted by law) EOS and its affiliates, and their respective successors, assigns, past and present stockholders, directors, officers, employees, agents and representatives (collectively "Indemnitees") from and against all "losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal), judgment or appeal thereof by or against Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), arising out of or resulting from or connected with Developer's (or its employees') development of the Franchised Restaurants and Developer's (or its employees') activities under this Agreement, excluding the gross negligence or willful misconduct of any Indemnatee. Developer promptly shall give EOS written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation filed or instituted against Developer and, upon request, shall furnish EOS with copies of any documents from such matters as EOS may request.

B. At Developer's expense and risk, EOS may elect to assume (but under no circumstances will EOS be obligated to undertake), the defense and/or settlement of any action, suit, proceeding, claim, demand, investigation, inquiry, judgment or appeal thereof subject to this indemnification. Such an undertaking shall, in no manner or form, diminish Developer's obligation to indemnify and hold harmless EOS and Indemnitees. EOS shall not be obligated to seek recoveries from third parties or otherwise mitigate losses.

C. As used in this Section, the phrase "losses and expenses" shall include, but not be limited to, all losses; compensatory, exemplary and punitive damages; fines; charges; costs; expenses; lost profits; reasonable attorneys' fees; expert witness fees; court costs; settlement amounts; judgments; compensation for damages to EOS's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

17. CONSENTS, APPROVALS AND WAIVERS

A. Whenever this Agreement requires the prior approval or consent of EOS, Developer shall make a timely written request to EOS therefor; and any approval or consent received, in order to be effective and binding upon EOS, must be obtained in writing and be signed by an authorized officer of EOS.

B. EOS makes no warranties or guarantees upon which Developer may rely by providing any waiver, approval, consent or suggestion to Developer in connection with this Agreement, and assumes no liability or obligation to Developer therefor, or by reason of any neglect, delay, or denial of any request therefor. EOS shall not, by virtue of any approvals, advice or services provided to Developer, assume responsibility or liability to Developer or to any third parties to which EOS would not otherwise be subject.

C. No failure of EOS to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms of this Agreement, shall constitute a waiver of EOS's right to demand exact compliance with any of the terms of this Agreement. A waiver by EOS of any particular default by Developer shall not affect or impair EOS's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of EOS to exercise any power or right arising out of any breach or default by Developer of any of the terms, provisions or covenants of this Agreement affect or impair EOS's right to exercise the same, nor shall such constitute a waiver by EOS of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of the Development Term. Subsequent acceptance by EOS of any payments due to

it hereunder shall not be deemed to be a waiver by EOS of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

18. NOTICES

No notice, demand, request or other communication to the parties shall be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and is addressed to each party at the notice address set forth in the attached Data Sheet. Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section. Notices shall be effective upon receipt (or first rejection) and may be: **(1)** delivered personally; **(2)** mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or **(3)** mailed via overnight courier.

19. FORCE MAJEURE

If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure, which cannot be overcome by reasonable commercial measures, the parties shall be relieved of their respective obligations (to the extent that the parties, having exercised reasonable efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure shall give prompt written notice of such Force Majeure event to the other party by setting forth the nature thereof and an estimate as to its duration. As used in this Agreement, the term "Force Majeure" means any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. Developer's inability to obtain financing (regardless of the reason) shall not constitute Force Majeure.

20. ENTIRE AGREEMENT

EOS and Developer acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement, the Manual, the documents referred to herein, and the attachments hereto, constitute the entire, full and complete agreement between the parties concerning Developer's rights in the Development Territory and EOS's approval of sites for Franchised Restaurants, and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement, in the attachments to this Agreement and in EOS's Franchise Disclosure Document. Nothing in this Agreement or any related agreement is intended to disclaim the representations EOS made in EOS's Franchise Disclosure Document. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth herein, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing.

21. SEVERABILITY AND CONSTRUCTION

A. Severability. Each article, paragraph, subparagraph, term and condition of this Agreement, and any portions thereof, will be considered severable. If, for any reason, any portion of this Agreement is determined to be invalid, contrary to, or in conflict with, any applicable present or future law, rule or regulation in a final, unappealable ruling issued by any court, agency or tribunal with valid jurisdiction in a proceeding to which EOS is a party, that ruling will not impair the operation of, or have any other effect upon, any other portions of this Agreement; all of which will remain binding on the parties and continue to be given full force and effect.

B. No Third Party Beneficiaries. Except as otherwise provided in Section 16, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Developer and EOS and its affiliates and such of their heirs, successors and assigns, any rights or remedies under or by reason of this Agreement.

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

D. Interpretation. No provision of this Agreement shall be interpreted in favor of, or against, any party because of the party that drafted this Agreement.

22. GOVERNING LAW, FORUM AND LIMITATIONS

A. Choice of Law. This Agreement and any claim or controversy arising out of, or relating to, rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed in accordance with the laws of the State of Florida without regard to conflicts of laws principles. Nothing in this Section is intended, or shall be deemed, to make any Florida law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable.

B. Choice of Forum. The parties agree that, to the extent any disputes cannot be resolved directly between them, Developer shall file any suit against EOS only in the federal or state court having jurisdiction where EOS's principal offices are located at the time suit is filed. EOS may file suit in the federal or state court located in the jurisdiction where its principal offices are located at the time suit is filed or in the jurisdiction where Developer resides or does business or where the Development Territory or any Franchised Restaurant is or was located or where the claim arose. Developer consents to the personal jurisdiction of those courts over Developer and to venue in those courts.

C. Limitation of Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or proceeding (including the offer and sale of a franchise to Developer) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of 2 years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, whenever discovered.

D. WAIVER OF CERTAIN DAMAGES AND RIGHTS. DEVELOPER AND EOS WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST EACH OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT. DEVELOPER AND EOS WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS AND THE RIGHT TO TRIAL BY JURY.

E. Reimbursement of Costs and Expenses. If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding shall be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred during, prior to, in preparation for, or

in contemplation of the filing of, the proceeding. If EOS utilizes legal counsel (including in-house counsel employed by EOS) in connection with any failure by Developer to comply with this Agreement, Developer shall reimburse EOS for any of the above-listed costs and expenses incurred by EOS. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

F. Rights and Remedies Cumulative. No right or remedy conferred upon or reserved to EOS or Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section 22 shall survive the expiration or earlier termination of this Agreement.

23. MISCELLANEOUS

A. Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.

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

C. Counterparts. This Agreement may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Agreement.

D. Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted shall be the day or month of the designated action, event or notice. Days shall be measured by calendar days, except that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically shall be extended to the next day that is not a Saturday, Sunday or national holiday.

E. Injunctive Relief. Developer recognizes that its failure to comply with the terms of this Agreement, including, but not limited to, the failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to EOS, its affiliates and the System. Therefore, Developer agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Developer, EOS shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by EOS shall be in addition to, and not in lieu of, all remedies and rights that EOS otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

F. Variations. EOS has the right, in its sole discretion, to waive, defer, or permit variations from the standards of the System or any applicable agreement to any developer, franchisee, prospective developer, or prospective franchisee based on the peculiarities of a particular site, existing building configuration or circumstance, density of population, business potential, trade area population or any other condition or circumstance. EOS has the right, in its sole discretion, to deny any such request EOS believes would not be in the best interests of the System.

24. REPRESENTATIONS

Developer represents, acknowledges and warrants to EOS (and Developer agrees that these representations, acknowledgments and warranties shall survive termination of this Agreement) that:

A. **Franchise Application.** All information Developer provided to EOS in connection with Developer's franchise application and EOS's grant to Developer of the opportunity to develop Earl of Sandwich Restaurants is truthful, complete and accurate.

B. **Signatories to This Agreement.** The persons signing this Agreement on behalf of Developer have full authority to enter into this Agreement and the other agreements contemplated by the parties, including the Franchise Agreement. Execution of this Agreement or such other agreements by Developer does not and will not conflict with or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which Developer or any person with an ownership interest in Developer is a party.

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

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

DEVELOPER: _____

By: _____

Print Name: _____

Title: _____

APPENDIX A

GUARANTEE AND ASSUMPTION OF DEVELOPER'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Earl of Sandwich Restaurant Development Agreement dated as of _____ (the "Agreement") by Earl of Sandwich (USA), LLC, a Florida limited liability company ("EOS"), entered into with _____ ("Developer"), the undersigned ("Guarantors"), each of whom is an officer, director, member of Developer's Continuity Group, a direct or indirect holder of a legal or beneficial interest in Developer of 10% or more ("10% Owner"), or a spouse of one of the foregoing individuals, hereby personally and unconditionally: **(1)** guarantee to EOS and its 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; **(2)** agree personally to be bound by the provisions of Sections 12 and 16 of the Agreement; and **(3)** agree personally to be liable for the breach of Section 12 of the Agreement.

Each of the undersigned waives: **(a)** acceptance and notice of acceptance by EOS of the foregoing undertakings; **(b)** notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; **(c)** protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; **(d)** any right he may have to require that an action be brought against Developer or any other person as a condition of liability; **(e)** all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the execution of and performance under this Guarantee by the undersigned; **(f)** any law or statute which requires that EOS make demand upon, assert claims against or collect from Developer or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Developer or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guarantee; **(g)** any and all other notices and legal or equitable defenses to which he may be entitled; and **(h)** any and all right to have any legal action under this Guarantee decided by a jury.

Each of the undersigned consents and agrees that: **(i)** his direct and immediate liability under this Guarantee shall be joint and several; **(ii)** he shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; **(iii)** such liability shall not be contingent or conditioned upon pursuit by EOS of any remedies against Developer or any other person; **(iv)** such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which EOS 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 Guarantee, which shall be continuing and irrevocable during the term of the Agreement and for so long thereafter as there are monies or obligations owing from Developer to EOS or its affiliates under the Agreement; and **(v)** monies received from any source by EOS for application toward payment of the obligations under the Agreement and under this Guarantee may be applied in any manner or order deemed appropriate by EOS.

If EOS brings an action to enforce this Guarantee, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred during, prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury.

If EOS utilizes legal counsel (including in-house counsel employed by EOS or its affiliates) in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse EOS for any of the above-listed costs and expenses incurred by it.

This Guarantee shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. EOS's interests in and rights under this Guarantee are freely assignable, in whole or in part, by EOS. Any assignment shall not release the undersigned from this Guarantee.

Sections 22.A. through 22.E. of the Agreement are incorporated by reference into this Guarantee and all capitalized terms that are not defined in this Guarantee shall have the meaning given them in the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal.

GUARANTORS:

Date: _____ (Seal)

Print Name: _____

Address: _____

Date: _____ (Seal)

Print Name: _____

Address: _____

APPENDIX B
QUESTIONNAIRE TO BE COMPLETED BEFORE
SIGNING AN EARL OF SANDWICH AGREEMENT

You are preparing to enter into an Earl of Sandwich Development Agreement or Franchise Agreement (“Agreement”) with Earl of Sandwich (USA) LLC (“we” “our” or “Franchisor”). Please review each of the following questions and statements carefully and provide honest and complete responses to each.

Franchise Applicant _____

1. Have we provided you with a Franchise Disclosure Document at least 14 calendar days (or the earlier of the first personal meeting or 10 business days if you are a prospect based in or will operate in New York; the earlier of the first personal meeting or 14 days if you are a prospect based in or will operate in Iowa; or 10 business days if you are a prospect based in or will operate in Michigan) before you signed any agreements or paid any money or other consideration to us or our affiliates?

Yes ___ No ___

2. Did you sign a Receipt, or do you have a printed copy of the e-mail confirmation from the online download center, indicating the date on which you received the Franchise Disclosure Document?

Yes ___ No ___

3. Please list any questions you have regarding the franchise opportunity that you would like to discuss prior to signing the Agreement. (Attach additional pages, if necessary.)

4. Please list any information provided to you by any employee or other person speaking on our behalf concerning the sales, revenue, profits, or operating costs of one or more Earl of Sandwich Restaurants operated by us, our affiliates, or our franchisees or that you may earn or experience that is in addition to the information contained in the Franchise Disclosure Document:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the California Franchise Investment Law, Maryland Franchise Registration and Disclosure Law, the Washington Franchise Investment Protection Act, or any other state franchise registration and disclosure law.

You acknowledge that one or more other copies of this Questionnaire have been reviewed and signed by the owners of your proposed business entity.

FRANCHISE APPLICANT

[Insert name of Franchise Applicant]

By: _____
[Name of Person signing on behalf of Franchise Applicant]

Its: _____
[Title of Person signing on behalf of Franchise Applicant]

OWNER(S) OF FRANCHISE APPLICANT

[Insert name of Owner]

[Signature of Owner]

EXHIBIT E

FRANCHISE AGREEMENT

EARL OF SANDWICH RESTAURANT FRANCHISE AGREEMENT

EARL OF SANDWICH RESTAURANT FRANCHISE AGREEMENT DATA SHEET

This Data Sheet summarizes certain terms of the attached Franchise Agreement. The Data Sheet is an integral part of the attached Franchise Agreement and is hereby incorporated therein.

Effective Date:	
Franchisor:	Earl of Sandwich (USA), LLC a Florida limited liability company Notice Address: 4700 Millenia Boulevard, Suite #400 Orlando, Florida 32839 (Attn: General Counsel)
Franchisee:	Name: Notice Address:
Restaurant Number if Multi-Unit Operator	_____ of _____
Operating Principal:	
Initial Fees:	\$10,000 Application Fee \$15,000 Initial Franchise Fee
Site Approval Deadline:	
Site Selection Area:	
Franchised Location:	
Protected Area:	
Opening Deadline:	
Expiration Date of Initial Term:	Midnight on the day preceding the 10th anniversary of the date the Franchised Restaurant first opened for business
Renewal Term:	10 years Notice of Renewal required 8 – 12 months prior to expiration of Initial Term
Renewal Fee:	\$5,000
Royalty Fee:	6% of weekly Gross Sales

Grand Opening Advertising	Franchisee must, during the period beginning 30 days before the scheduled opening of the Franchised Restaurant and continuing until 30 days after the Franchised Restaurant first opens for business, spend at least \$7,500 to conduct grand opening advertising.
Weekly Marketing Obligation	Will not exceed 5% of Gross Sales. Consists of Franchisee's contribution to the Brand Fund, a Regional Advertising Fund or Regional Co-op and Local Store Marketing. The total WMO as of the Effective Date is 3% of Gross Sales including: Brand Fund: 1% of Gross Sales (subject to maximum annual contribution of \$30,000) Local Store Marketing: 2% of Gross Sales
Franchisee's Interests in Other Restaurants (Non-Compete Waiver):	
Guarantors:	

OWNERSHIP INTERESTS

CORPORATE FRANCHISEE

If Franchisee is a corporation, the number of authorized shares of Franchisee that have been issued is _____ and the name, address, number of shares owned (legally or beneficially) and office held by each shareholder is as follows:

Name	Address	No. of Shares	Office Held

LIMITED LIABILITY COMPANY FRANCHISEE

If Franchisee is a limited liability company, the name, address and percentage interest of each member is as follows:

Name	Address	Percentage Interest

BUSINESS ENTITY FRANCHISEE

If Franchisee is a business entity other than a corporation or a limited liability company, the name, address and percentage interest of each owner is as follows:

Name	Address	Percentage Interest

Franchisee's Continuity Group shall be comprised of the following persons:_____

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RIDER 1: FRANCHISE AGREEMENT EXPIRATION DATE

EARL OF SANDWICH RESTAURANT FRANCHISE AGREEMENT

THIS AGREEMENT is made as of the Effective Date identified on the attached Data Sheet (the “Effective Date”) by and between Earl of Sandwich (USA), LLC (“EOS”), a Florida limited liability company, and the person(s) or entity identified on the attached Data Sheet (“Franchisee”).

RECITALS:

As a result of the expenditure of time, skill, effort and money, EOS has developed and owns a unique and distinctive system (“System”) relating to the development, establishment and operation of fast casual restaurants (“Earl of Sandwich Restaurants”).

The distinguishing characteristics of the System include, without limitation, uniform and distinctive exterior and interior design and layout, including specially designed décor and furnishings; special recipes and menu items; procedures and techniques for food and beverage preparation and service; automated management information and control systems for inventory controls, cash controls and sales analysis; technical assistance and training through course instruction and manuals; and advertising and promotional programs. The System and its components may be changed, improved and further developed by EOS from time to time.

Pursuant to a License Agreement with Earl of Sandwich (FamilyCo) AG, a Swiss corporation and Earl of Sandwich (LicenseCo) Ltd., an English corporation (jointly “Licensor”), EOS has the exclusive right to use, and permit its franchisees to use, the name and mark “Earl of Sandwich” in addition to certain related trademarks, service marks and other commercial symbols anywhere in the world.

EOS identifies the System by means of the “Earl of Sandwich” name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs (collectively “Proprietary Marks”), which EOS has designated, or may in the future designate, for use with the System. The Proprietary Marks used to identify the System, including the principal Proprietary Marks, may be modified by EOS and/or its affiliates from time to time.

EOS continues to develop, use and control the use of these Proprietary Marks in order to identify to the public the source of services and products marketed under the Proprietary Marks and the System and to represent the System’s high standards of quality, appearance and service.

Franchisee desires to obtain a license to use the System and to operate continuously one Earl of Sandwich Restaurant (“Franchised Restaurant”) at the location specified in the attached Data Sheet or a location approved by EOS in accordance with this Agreement (“Franchised Location”), subject to the terms and conditions of this Agreement and in strict compliance with the standards and specifications established by EOS.

Franchisee understands and acknowledges the importance of EOS’s high and uniform standards of quality, operations and service and the necessity of developing and operating the Franchised Restaurant in strict conformity with this Agreement and the Earl of Sandwich Operations Manual (“Manual”).

EOS is willing to grant Franchisee a license to operate the Franchised Restaurant at the Franchised Location, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of EOS's grant to Franchisee of the right to operate a Franchised Restaurant at the Franchised Location during the term of this Agreement, as well as the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT OF FRANCHISE

A. Grant.

(1) Subject to the provisions of this Agreement, EOS hereby grants to Franchisee the right ("Franchise") to continuously operate the Franchised Restaurant at the Franchised Location and to use the Proprietary Marks in the operation of the Franchised Restaurant. If EOS has not approved the site for the Franchised Restaurant as of the date of this Agreement, the provisions of Section 3 will apply with regard to Franchisee's selection of a site for the Franchised Restaurant.

(2) Franchisee may not operate the Franchised Restaurant at any site other than the Franchised Location and may not relocate the Franchised Restaurant without EOS's prior written consent, which may be withheld by EOS in its sole discretion. If EOS approves a relocation of the Franchised Restaurant, it shall have the right to charge Franchisee for all reasonable expenses actually incurred in connection with consideration of the relocation request, and EOS may condition its approval upon the payment of an agreed minimum royalty to EOS during the period in which the Franchised Restaurant is not in operation.

(3) Franchisee agrees that it will at all times faithfully, honestly and diligently perform its obligations under this Agreement, that it will continuously exert reasonable efforts to promote and enhance the business of the Franchised Restaurant and that it will not engage in any other business or activity that may conflict with its obligations under this Agreement, except the operation of other Earl of Sandwich Restaurants or other restaurants operated by Franchisee that are franchised by EOS or its affiliates.

(4) EOS reserves the right, upon reasonable notice, to require that Franchisee participate in the Earl of Sandwich Catering and/or Delivery Program to provide the catering and/or delivery services designated by EOS from the Franchised Restaurant to customers located within the Protected Area (as defined in Section 1.B.(1)). Franchisee must obtain all licenses and permits necessary for such participation and must comply with EOS's procedures and menu requirements, purchase all supplies, products and ingredients through EOS's approved and designated suppliers and otherwise follow the Manual with respect to the catering and/or delivery services.

B. Limited Exclusivity.

(1) Provided Franchisee is in compliance with this Agreement and any other agreements with EOS or its affiliates and is current on all obligations due EOS and its affiliates, during the term of this Agreement, EOS and its affiliates will not operate, or license others to operate, restaurants identified in whole or in part by the name and mark "Earl of Sandwich" within the geographic area described on the attached Data Sheet ("Protected Area"). Notwithstanding the foregoing, EOS reserves to itself the rights to: (a) operate, and license others to operate, restaurants identified in whole or in part by the name and mark "Earl of Sandwich" and/or utilizing the System in the Protected Area that are located in airports, train stations, bus stations, service plazas, stadiums, arenas, gas stations, convention centers, military facilities, convenience stores, schools, colleges, universities, hospitals, theme parks, office buildings, food courts, venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, Indian reservations, casinos or any similar captive market location not reasonably

available to Franchisee; **(b)** award national or regional licenses to third parties to sell products under the name and mark “Earl of Sandwich” in foodservice facilities primarily identified by the third party’s trademark; **(c)** develop and operate, and license others to develop and operate, restaurants other than restaurants identified in whole or in part by the name and mark “Earl of Sandwich” and/or utilizing the System in the Protected Area; **(d)** merchandise and distribute products identified by some or all of the Proprietary Marks in the Protected Area through any other method or channel of distribution; and **(e)** sell and distribute products identified by some or all of the Proprietary Marks in the Protected Area to restaurants other than restaurants identified in whole or in part by the name and mark “Earl of Sandwich,” provided those restaurants are not licensed to use the Proprietary Marks in connection with their retail sales.

(2) The restrictions contained in this Section 1.B. apply only to EOS and do not apply to restaurants identified in whole or in part by the name and mark “Earl of Sandwich” under construction or in operation in the Protected Area as of the date of this Agreement. EOS reserves to itself and its affiliates all rights to use and license the System and the Proprietary Marks other than those expressly granted under this Agreement.

(3) This Section 1.B. does not prohibit EOS or its affiliates from: **(a)** operating, and licensing others to operate, during the term of this Agreement, restaurants identified in whole or in part by the name and mark “Earl of Sandwich” at any location outside of the Protected Area; **(b)** operating, and licensing others to operate, after this Agreement terminates or expires, restaurants identified in whole or in part by the name and mark “Earl of Sandwich” at any location; and **(c)** operating, and licensing others to operate, at any location, during the term of this Agreement or after this Agreement terminates or expires, any type of restaurant other than a restaurant identified in whole or in part by the name and mark “Earl of Sandwich.”

C. Forms of Agreement. Franchisee acknowledges that EOS intends to enter into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that EOS and other franchisees may have different rights and obligations do not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

2. TERM

A. Initial Term.

(1) The initial term of this Agreement (“Initial Term”) and the Franchise granted by this Agreement shall begin on the date this Agreement is signed by EOS and expire at midnight on the day preceding the 10th anniversary of the date the Franchised Restaurant first opened for business, unless this Agreement is terminated at an earlier date pursuant to Section 22. (EOS shall complete and forward to Franchisee a notice, in a form substantially similar to attached Rider 1, to memorialize the date the Franchised Restaurant first opened for business.) Except as described in the next paragraph, Franchisee acknowledges that it does not have the unilateral right to cease operating the Franchised Restaurant prior to the expiration of the Initial Term.

(2) Notwithstanding the foregoing, if, during the term of this Agreement, Franchisee, through no act or failure to act on its part (except the failure to extend the lease for the Franchised Location through the Initial Term of this Agreement), loses the right to possession of the Franchised Location, the Initial Term shall expire as of the date of Franchisee’s loss of the right to possession. If the right to possession is lost through no act or failure to act on Franchisee’s part however, Franchisee may relocate the Franchised Restaurant (without paying any additional initial fees or transfer fee) at its expense, and the Initial Term shall not expire if: **(a)** EOS approves the new location; **(b)** Franchisee constructs and equips a

Franchised Restaurant at the new location in accordance with the then-current System standards and specifications; (c) a Franchised Restaurant at the new location is open to the public for business within 8 months after Franchisee's loss of possession of the Franchised Location; and (d) Franchisee reimburses EOS for all reasonable expenses actually incurred by EOS in connection with the approval of the new location.

B. Renewal Term.

(1) Upon the expiration of the Initial Term, Franchisee shall have an option to remain a franchisee at the Franchised Location for one renewal term of 10 years ("Renewal Term"). Franchisee shall give EOS written notice of whether or not it intends to exercise its renewal option not less than 8 months, nor more than 12 months, before the expiration of the Initial Term. Franchisee's failure to provide EOS the required notice in a timely manner constitutes a waiver by Franchisee of its option to remain a franchisee beyond the expiration of the Initial Term.

(2) If Franchisee desires to continue as a franchisee for the Renewal Term, Franchisee must comply with all of the following conditions prior to and at the end of the Initial Term:

(a) Franchisee and its affiliates shall not be in default under this Agreement or any other agreements between Franchisee and EOS or its affiliates; Franchisee shall not be in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to the Franchised Restaurant; Franchisee shall not be in default beyond the applicable cure period with any vendor or supplier to the Franchised Restaurant; and, for the 12 months before the date of Franchisee's notice and the 12 months before the expiration of the Initial Term, Franchisee and its affiliates shall not have been in default beyond the applicable cure period under this Agreement or any other agreements between Franchisee and EOS or its affiliates.

(b) Franchisee shall make the capital expenditures required to renovate and modernize the Franchised Restaurant to conform to the interior and exterior designs, décor, color schemes, furnishings and equipment and presentation of the Proprietary Marks consistent with the image of the System for new Earl of Sandwich Restaurants at the time Franchisee provides EOS the renewal notice, including such structural changes, remodeling, redecoration and modifications to existing improvements as may be necessary to do so.

(c) Franchisee and its employees at the Franchised Restaurant shall be in compliance with EOS's then-current training requirements.

(d) Franchisee shall have the right to remain in possession of the Franchised Location, or other premises acceptable to EOS, for the Renewal Term and all monetary obligations owed to Franchisee's landlord, if any, must be current.

(e) Franchisee, all individuals who executed this Agreement and all guarantors of Franchisee's obligations shall have executed a general release and a covenant not to sue, in a form satisfactory to EOS, of any and all claims against EOS and its affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between Franchisee and EOS or its affiliates and Franchisee's operation of the Franchised Restaurant, other Earl of Sandwich Restaurants operated by Franchisee and all other restaurants operated by Franchisee that are franchised by EOS or its affiliates.

(f) As determined by EOS in its sole discretion, Franchisee has operated the Franchised Restaurant and all of its other franchised Earl of Sandwich Restaurants in accordance with the applicable franchise agreements and with the System (as set forth in the Manual or otherwise and as revised from time to time by EOS) and has operated each of its other restaurants that are franchised by EOS or its affiliates in accordance with the applicable franchise agreement.

(3) Within 4 months after EOS's receipt of Franchisee's written notice of its desire to renew, EOS shall advise Franchisee whether or not Franchisee is entitled to remain a franchisee for the Renewal Term. If EOS intends to permit Franchisee to remain a franchisee for the Renewal Term, EOS's notice will contain preliminary information regarding actions Franchisee must take to satisfy Sections 2.B.(2)(b) and (c). If EOS does not intend to permit Franchisee to remain a franchisee for the Renewal Term, EOS's notice shall specify the reasons for non-renewal. If EOS chooses not to permit Franchisee to remain a franchisee for the Renewal Term, EOS shall have the right to unilaterally extend the Initial Term of this Agreement as necessary to comply with any applicable laws.

(4) If Franchisee will remain a franchisee for the Renewal Term, EOS shall forward to Franchisee a new franchise agreement for the Renewal Term for Franchisee's signature at least 1 month prior to the expiration of the Initial Term. The form of renewal franchise agreement shall be the form then in general use by EOS for Earl of Sandwich Restaurants (or, if EOS is not then granting franchises for Earl of Sandwich Restaurants, that form of agreement as specified by EOS) and likely will differ from this Agreement, including, but not limited to, provisions relating to the royalty fee and advertising obligations.

(5) Franchisee shall execute the renewal franchise agreement for the Renewal Term and return the signed agreement to EOS, along with a renewal fee in the amount of set forth on the attached Data Sheet ("Renewal Fee"), prior to the expiration of the Initial Term. The Renewal Fee shall be in addition to any capital expenditures that Franchisee is required to make pursuant to Section 2.B.(2)(B). Failure by Franchisee to sign the renewal franchise agreement and return it to EOS (along with the Renewal Fee) within this time shall be deemed an election by Franchisee not to renew the Franchise and shall result in termination of this Agreement and the Franchise granted by this Agreement at the expiration of the Initial Term. Provided Franchisee has timely complied with all of the conditions set forth in this Section 2.B., EOS shall execute the renewal franchise agreement and promptly return a fully-executed copy to Franchisee.

3. DEVELOPMENT PROCEDURES

If Franchisee is developing the Franchised Restaurant pursuant to an Earl of Sandwich Development Agreement or EOS has approved the site for the Franchised Restaurant as of the date of this Agreement, the provisions of this Section 3 shall not apply.

A. Franchisee's Responsibility. Franchisee shall select the site from within the geographic area identified in the attached Data Sheet ("Site Selection Area"). Prior to the site approval deadline set forth in the attached Data Sheet ("Site Approval Deadline"), Franchisee shall obtain site approval from EOS for the Franchised Restaurant. If EOS has not approved a site within this time period, EOS, at its option, may terminate this Agreement pursuant to Section 22. Franchisee assumes all cost, liability and expense for locating, obtaining and developing a site for the Franchised Restaurant and constructing and equipping the Franchised Restaurant in accordance with EOS's standards at an approved site. EOS reserves the right to require Franchisee to engage the services of a real estate broker approved by EOS to assist Franchisee in identifying and securing a site for the Franchised Restaurant. Franchisee shall not make any binding commitments to purchase or lease a site until EOS has approved the site in writing.

B. Site Selection Assistance. EOS will provide Franchisee with the following site selection assistance: **(1)** EOS's site selection guidelines and, as Franchisee may request, a reasonable amount of consultation with respect thereto; and **(2)** such on-site evaluation as EOS may deem advisable as part of its evaluation of Franchisee's request for site approval. EOS reserves the right to retain the services of third party real estate analysts to evaluate proposed sites for Earl of Sandwich Restaurants.

C. Real Estate Site Application. Franchisee shall submit to EOS a Real Estate Site Application (containing that information as EOS may reasonably require) for a proposed site which Franchisee reasonably believes to conform to site selection criteria that EOS establishes from time to time for demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses (including restaurants operated or franchised by EOS or its affiliates), the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises.

D. Business Plan. Franchisee shall develop and submit to EOS, simultaneously with the submission of the Real Estate Site Application, a three-year business plan ("Business Plan") outlining the actions that Franchisee will take to ensure that Franchisee's operation and management of the Franchised Restaurant are in compliance with EOS's standards. During the term of this Agreement, Franchisee agrees to revise the Business Plan as required by EOS and further agrees to implement that Business Plan as approved by EOS.

E. Site Approval

(1) Within 15 days after EOS's receipt of the Real Estate Site Application, the Business Plan and any additional information that EOS may reasonably require, EOS's Real Estate Review Committee shall review that information, evaluate the proposed site and advise Franchisee in writing whether it has approved a particular site. If EOS does not respond within that time period, EOS shall be deemed to have rejected the site. EOS's approval or rejection of a site may be subject to reasonable conditions as determined in its sole discretion.

(2) Franchisee acknowledges that, in order to preserve and enhance the reputation and goodwill of all restaurants franchised by EOS and the goodwill of the Proprietary Marks, all Earl of Sandwich Restaurants must be properly developed, operated and maintained. Accordingly, Franchisee agrees that EOS may refuse to approve a site for a proposed Franchised Restaurant unless Franchisee demonstrates sufficient financial capabilities, in EOS's sole judgment, applying standards consistent with criteria EOS uses to establish restaurants in other comparable market areas, to properly develop, operate and maintain the proposed Franchised Restaurant. To this end, Franchisee shall furnish EOS with such financial statements and other information regarding Franchisee and the development and operation of the proposed Franchised Restaurant, including, without limitation, investment and financing plans for the proposed Franchised Restaurant, as EOS reasonably may require.

(3) **EOS's approval of one or more sites is not a representation or a promise by EOS that an Earl of Sandwich Restaurant at the site will achieve a certain sales volume or a certain level of profitability. Similarly, EOS's approval of one or more sites and its refusal to approve other sites is not a representation or a promise that the approved site will have a higher sales volume or be more profitable than a site which EOS did not approve. EOS assumes no liability or responsibility for: (a) evaluation of the Franchised Location's soil for hazardous substances; (b) inspection of any structure on the Franchised Location for asbestos or other toxic or hazardous materials; (c) compliance with the Americans with Disabilities Act ("ADA"); or (d) compliance with any other applicable law. It is Franchisee's sole responsibility to obtain satisfactory evidence and/or assurances**

that the Franchised Location (and any structures thereon) is free from environmental contamination and in compliance with the requirements of the ADA.

4. LEASE PROVISIONS

If Franchisee proposes to lease or sublease the Franchised Location, Franchisee shall provide EOS with a copy of the fully-executed lease or sublease (for a term, including renewal terms, for at least the Initial Term) for the Franchised Location within 90 days after EOS approves the site for the Franchised Location. The lease or sublease shall not contain any covenants or other obligations that would prevent Franchisee from performing its obligations under this Agreement. Unless waived in writing by EOS, any lease, sublease, letter of intent or lease memorandum for the Franchised Location shall contain provisions that satisfy the following requirements (as set forth in the Addendum to Lease Agreement attached to this Agreement as Exhibit B) during the entire term of the lease, including any renewal terms:

A. The landlord consents to Franchisee's use of the proprietary signs, distinctive exterior and interior designs and layouts and the Proprietary Marks prescribed by EOS, and upon expiration or the earlier termination of the lease, consents to permit Franchisee, at Franchisee's expense, to remove all such items and other trade fixtures, so long as Franchisee makes repairs to the building caused by such removal.

B. The landlord agrees to provide EOS (at the same time sent to Franchisee) a copy of all amendments, assignments and notices of default pertaining to the lease and the leased premises.

C. EOS shall have the right to enter the leased premises to make any modifications or alterations necessary to protect the System and the Proprietary Marks, to cure, within the time periods provided by the lease, any default under the lease, all without being guilty of trespass or other tort, and to charge Franchisee for these costs.

D. The landlord agrees that Franchisee shall be solely responsible for all obligations, debts and payments under the lease.

E. The landlord agrees that, following the expiration or earlier termination of the Franchise Agreement, Franchisee shall have the right to make those alterations and modifications to the premises as may be necessary to clearly distinguish to the public the premises from an Earl of Sandwich Restaurant and also make those specific additional changes as EOS reasonably may request for that purpose. The landlord also agrees that, if Franchisee fails to promptly make these alterations and modifications, EOS shall have the right to do so without being guilty of trespass or other tort so long as EOS makes repairs to the building caused by such alterations and modifications.

F. The landlord agrees not to amend or otherwise modify the lease in any manner that would affect any of the foregoing requirements without EOS's prior written consent, which consent shall not be unreasonably withheld.

G. Franchisee may assign the lease to EOS or its designee with landlord's consent (which consent shall not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.

H. The landlord agrees to consent to Franchisee's collaterally assigning the lease to EOS or its designee, granting EOS the option, but not the obligation, to assume the lease from the date EOS takes possession of the leased premises, without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.

5. CONSTRUCTION OF THE FRANCHISED RESTAURANT

A. Development Training. Franchisee shall complete, to EOS's satisfaction, any development training required by EOS. Franchisee also may attend optional development training as offered by EOS from time to time, subject to payment of a tuition fee as established by EOS from time to time. Franchisee will be required to pay all travel, living, food and other incidental expenses incurred by Franchisee and its employees while attending development training and optional development training.

B. Restaurant Development.

(1) Franchisee assumes all cost, liability and expense for developing, constructing and equipping the Franchised Restaurant. EOS will furnish to Franchisee prototypical plans and specifications for an Earl of Sandwich Restaurant, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, storefront and color scheme. EOS reserves the right to require Franchisee to engage the services of an architect that has been approved by EOS. It shall be Franchisee's responsibility to have the approved architect prepare all required construction plans and specifications to suit the shape and dimensions of the Franchised Location, and Franchisee must ensure that these plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. Franchisee shall use only registered architects, registered engineers, and professional and licensed contractors.

(2) Franchisee shall submit proposed construction plans, specifications and drawings for the Franchised Restaurant ("Plans") to EOS and shall, upon EOS's request, submit all revised or "as built" Plans during the course of such construction. EOS will approve or refuse to approve the Plans and notify Franchisee within 14 days after EOS receives the Plans. (EOS's approval shall not be unreasonably withheld.) Once EOS has approved the Plans, no substantial change shall be made to the Plans without the prior approval of EOS, which shall not be unreasonably withheld. If, in the course of construction, any such change in the Plans is contemplated, EOS's approval must first be obtained before proceeding. EOS shall approve or reject Plan changes within 10 business days after receipt. If EOS does not respond within that time period, EOS shall be deemed to have rejected approval of the Plans.

(3) Franchisee is prohibited from beginning site preparation or construction prior to receiving written notification from EOS that EOS has approved the Plans. All construction must be in accordance with Plans approved by EOS and must comply in all respects with applicable laws, ordinances and local rules and regulations. The Franchised Restaurant may not open if construction has not been performed in substantial compliance with Plans approved by EOS, and this Agreement may be terminated if such non-compliance is not cured within a commercially reasonable amount of time. EOS may, in its sole discretion, furnish guidance to Franchisee in developing the Franchised Restaurant and may periodically inspect the premises during its development.

C. Construction.

(1) Prior to the commencement of construction, Franchisee shall have provided EOS a copy of the fully-executed lease for the Franchised Location or, if Franchisee owns the Franchised Location, proof of Franchisee's ownership interest. Franchisee must obtain EOS's approval of and retain the services of a project manager as set forth in the Manual to manage the due diligence, design, bidding and construction processes for the Franchised Restaurant. EOS reserves the right to require Franchisee to use a general contractor approved by EOS as set forth in the Manual. As used in this Agreement, construction shall have commenced only after Franchisee has obtained all required permits and: **(a)** with respect to a free-standing Restaurant, Franchisee has begun the installation of building footings with the intent to maintain continuous construction thereafter; or **(b)** with respect to a non-free-standing Restaurant

or a Restaurant being converted from a prior use, Franchisee has begun the installation of sub-floor plumbing with the intent to maintain continuous construction thereafter.

(2) Once construction has commenced, it shall continue uninterrupted except for interruption by reason of events constituting Force Majeure until completed. Force Majeure means any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. If events constituting Force Majeure cause a delay in the commencement of construction of the Franchised Restaurant, EOS shall proportionately extend the Opening Deadline (as defined below) for the Franchised Restaurant. Notwithstanding the occurrence of any events, except events constituting Force Majeure, construction shall be completed, and the Franchised Restaurant shall be furnished, equipped and shall otherwise be ready to open for business in accordance with this Agreement not later than the date specified in the attached Data Sheet ("Opening Deadline").

(3) Franchisee agrees, at its sole expense, to do, or cause to be done, the following, by the Opening Deadline:

(a) Obtain and maintain all required building, utility, sign, health, sanitation, business and other permits and licenses applicable to the Franchised Restaurant.

(b) Construct all required improvements to the Franchised Location and decorate the exterior and interior of the Franchised Restaurant in compliance with the Plans approved by EOS.

(c) Purchase or lease and install all specified and required fixtures, equipment, furnishings and interior and exterior signs required for the Franchised Restaurant.

(d) Purchase an opening inventory for the Franchised Restaurant of only authorized and approved products and other materials and supplies.

D. Acquisition of Necessary Furnishings, Fixtures and Equipment.

(1) Franchisee agrees to use in the development and operation of the Franchised Restaurant only the fixtures, furnishings, equipment and signs that EOS has approved for Earl of Sandwich Restaurants as meeting its specifications and standards for quality, design, appearance, function and performance. Franchisee further agrees to place or display at the Franchised Restaurant (interior and exterior) only those signs, emblems, lettering, logos and display materials that EOS approves in writing from time to time.

(2) Franchisee shall purchase or lease approved brands, types or models of fixtures, furnishings, equipment and signs only from suppliers designated or approved by EOS, which may include EOS. If Franchisee proposes to purchase, lease or otherwise use any fixtures, furnishings, equipment or signs which have not been approved by EOS, Franchisee shall first notify EOS in writing and shall, at its sole expense, submit to EOS upon its request sufficient specifications, photographs, drawings and/or other information or samples for a determination as to whether those fixtures, furnishings, equipment and/or signs comply with EOS's specifications and standards. EOS will, in its sole discretion, approve or disapprove the items and notify Franchisee within 30 days after EOS receives the request.

(3) If Franchisee builds any portion of the Franchised Restaurant outside of EOS's specifications without receiving EOS's prior written consent, EOS shall have the right to delay the opening of the Franchised Restaurant until Franchisee, at its sole expense, brings the Franchised Restaurant's development within full compliance of EOS's specifications.

E. Inspection, Cooperation. During the course of construction and/or renovation, Franchisee shall (and shall cause Franchisee's architect, project manager, engineer, general contractor and subcontractors to) cooperate fully with EOS and its designees for the purpose of permitting EOS and its designees to inspect the Franchised Location and the course of construction of the Franchised Restaurant in order to determine whether construction is proceeding according to the Plans. Without limiting the generality of the foregoing, Franchisee and Franchisee's architect, project manager, engineer, general contractor and subcontractors shall: (1) supply EOS or its designees with samples of construction materials, test borings, corings, due diligence environmental studies, supplies, equipment and other material and reports, if any such tests, studies or reports indicate there may be material problems or as EOS or its designees may request; and (2) afford EOS's representatives and its designees access to the Franchised Location and to the construction work in order to permit EOS and its designees to carry out their inspections.

F. Reports. If requested by EOS, Franchisee shall submit to EOS, on or before the first day of each month (or more frequently if EOS requests), a report with photographs showing progress made in connection with the construction and equipping of the Franchised Restaurant.

G. Limitation of EOS's Liability. Notwithstanding the right of EOS to recommend and approve the Plans, architects, project managers and general contractors and to inspect the construction work at the Franchised Restaurant, EOS and its designees shall have no liability or obligation with respect to the Franchised Location, the design or construction of the Franchised Restaurant or the furnishings, fixtures and equipment to be acquired; EOS's rights being exercised solely for the purpose of ensuring compliance with the terms and conditions of this Agreement.

H. Final Inspection and Opening. Franchisee shall notify EOS in writing at least 30 days prior to the date Franchisee expects construction and/or renovation to be completed and a certificate of occupancy to be issued. If requested by EOS, Franchisee shall submit a copy of the certificate of occupancy to EOS. EOS reserves the right, after receiving Franchisee's notice, to conduct a final inspection of the Franchised Restaurant and its premises to determine if Franchisee has complied with this Agreement. EOS shall not be liable for delays or loss occasioned by its inability to complete its investigation and to make a determination within this period. Franchisee shall not open the Franchised Restaurant for business without EOS's express written authorization, which will not be granted unless Franchisee has satisfied the conditions contained in Section 6.

6. OPENING OF THE FRANCHISED RESTAURANT

A. Right to Open the Franchised Restaurant. Except for a conditional opening pursuant to Section 6.B., EOS will not authorize the opening of the Franchised Restaurant unless all the following conditions have been met:

(1) Franchisee is not in material default under this Agreement or any other agreements with EOS; Franchisee is not in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to the Franchised Restaurant; Franchisee is not in default beyond the applicable cure period with any vendor or supplier to the Franchised Restaurant; and for the previous 6 months, Franchisee has not been in default beyond the applicable cure period under any agreement with EOS.

(2) Franchisee is current on all obligations due EOS and Franchisee has signed all documents required by EOS to participate in EOS's electronic funds transfer program.

(3) EOS is satisfied that the Franchised Restaurant was constructed and/or renovated substantially in accordance with the Plans approved by EOS and state and local codes.

(4) If the Franchised Location is leased, EOS has received a copy of the fully-executed lease.

(5) Franchisee, to the extent approval for the sale of alcoholic beverages has been obtained from EOS, has obtained a liquor license authorizing the sale of alcoholic beverages at the Franchised Restaurant.

(6) Franchisee has obtained a certificate of occupancy and any other required health, safety or fire department certificates.

(7) Franchisee has certified to EOS in writing that the installation of all items of furnishings, fixtures, equipment, signs, computer terminals and related equipment, supplies and other items has been accomplished.

(8) An adequate number of Franchisee's managers as determined by EOS in its sole discretion have attended, successfully completed and become "certified" in the initial manager training program, and an adequate number of Franchisee's employees as determined by EOS in its sole discretion have attended and successfully completed Team Member Training (as defined in Section 12).

(9) EOS has determined that the Franchised Restaurant has been constructed and/or renovated and equipped substantially in accordance with the requirements of this Agreement and that Franchisee has hired and trained a staff in accordance with the requirements of this Agreement.

(10) EOS has been furnished with copies of all insurance policies required by Section 16 or such other evidence of insurance coverage and payment of premiums as EOS reasonably may request.

B. Conditional Opening. EOS may conditionally authorize Franchisee to open and operate the Franchised Location as a Franchised Restaurant, even though Franchisee has not fully complied with the terms of this Agreement, if Franchisee agrees to fulfill all remaining terms of this Agreement on or before the Opening Deadline. EOS's determination as to whether to authorize a conditional opening shall be final and binding and shall be made in its sole discretion based upon those factors that EOS deems relevant, including its determination that a conditional opening will not be injurious to the reputation of the System. If Franchisee fails to fulfill all remaining terms of this Agreement on or before the Opening Deadline (or such extension thereof as may be granted by EOS in its sole discretion), this Agreement shall terminate without further action by EOS, and Franchisee shall take such steps as are required by Section 23.

7. FEES

A. Initial Fees. Simultaneously with the execution of this Agreement, Franchisee shall pay the following initial fees to EOS ("Initial Fees"):

(1) An application fee in the amount of \$10,000 ("Application Fee") for EOS's upfront costs associated with site selection, development and training; and

(2) An initial franchise fee in the amount of \$15,000 (“Initial Franchise Fee”) to use the System and the Proprietary Marks during the term of this Agreement.

(3) Franchisee acknowledges and agrees that the Initial Franchise Fee and the Application Fee are fully earned by EOS when paid and are not refundable. Any Development Fees previously paid by Franchisee to EOS with respect to the Franchised Restaurant shall be credited against the Initial Franchise Fee and the Application Fee.

B. Royalty Fee. In addition to all other amounts to be paid by Franchisee to EOS, Franchisee shall pay EOS a nonrefundable and continuing royalty fee in an amount equal to 6% of the Gross Sales (as defined below) of the Franchised Restaurant, for the right to use the System and the Proprietary Marks at the Franchised Location. If, due to federal, state or local laws, EOS is prohibited from receiving a percentage royalty based on alcoholic beverage revenues, Franchisee shall pay EOS a royalty fee on all Gross Sales except alcoholic beverage revenues in the same dollar amount as would have been paid if Franchisee paid the specified royalty fee percentage on all Gross Sales. If any taxes, fees or assessments are imposed on EOS by reason of its acting as franchisor or licensing the Proprietary Marks under this Agreement, Franchisee shall reimburse EOS for the amount of those taxes, fees or assessments within 30 days after receipt of an invoice from EOS.

C. Advertising Fees. Franchisee also shall spend and/or contribute for advertising. The exact amount of the advertising fees to be spent and/or contributed by Franchisee, and the allocation of the advertising fees, as of the date of this Agreement, is set forth in Section 9 and the attached Data Sheet.

D. Gross Sales. Gross Sales shall include all revenue from the sale of all food products, beverages and all other income of every kind and nature related to the Franchised Restaurant (including the redemption value of stored value gift cards and gift certificates when purchases are made) whether for cash or credit and regardless of collection in the case of credit, monies or credit received from the sale of food and merchandise, from tangible property of every kind and nature, promotional or otherwise, and for services performed from or at the Franchised Restaurant, including, but not limited to, such off-premises services as catering and delivery. Gross Sales do not include sales taxes or other taxes collected from customers for transmittal to the appropriate taxing authority, promotional discounts and coupons, the value of any employee discounts provided to Franchisee’s bona fide employees during the fiscal week in which the discounts are provided, all proceeds from the sale of gift certificates or stored value cards, customer refunds made in good faith to customers, or the sale of equipment used in the operation of the Franchised Restaurant.

E. Remittance Reports. Within 3 business days after the end of each fiscal week (as defined by EOS from time to time), Franchisee shall submit to EOS in writing by electronic mail, polling by computer or such other form or method as EOS may designate the amount of Gross Sales from the Franchised Restaurant during the preceding fiscal week and such other data or information as EOS may require.

F. Payment of Fees.

(1) Franchisee must participate in EOS’s then-current electronic funds transfer program authorizing EOS to utilize a pre-authorized bank draft system. All royalty fees applicable to the Gross Sales and other amounts owed under this Agreement, including advertising fees and interest charges must be received by EOS or credited to EOS’s account by pre-authorized bank debit before 5:00 p.m. on the 5th day after the end of each fiscal week, or at a later point specified by EOS from time to time (“Due Date”). On each Due Date, EOS will transfer from the Franchised Restaurant’s commercial bank operating account (“Account”) the amount reported to EOS in Franchisee’s remittance report or determined by EOS

based on the records contained in the cash registers/computer terminals of the Franchised Restaurant. If Franchisee has not reported Gross Sales to EOS for any fiscal period, EOS will transfer from the Account an amount calculated in accordance with its estimate of the Gross Sales during the fiscal period. If, at any time, EOS determines that Franchisee has underreported the Gross Sales of the Franchised Restaurant, or underpaid the royalty fee or other amounts due to EOS under this Agreement or any other agreement, EOS shall initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited to the Account effective as of the first reporting date after EOS and Franchisee determine that such credit is due.

(2) In connection with payment of fees by electronic funds transfer, Franchisee shall no later than 30 days prior to opening the Franchised Restaurant: **(a)** comply with procedures specified by EOS in the Manual or otherwise in writing; **(b)** perform those acts and sign and deliver those documents (including the ACH Authorization form attached as Exhibit C) as may be necessary to accomplish payment by electronic funds transfer as described in this Section 7.F.; **(c)** designate an account at a commercial bank and furnish to EOS an authorization in the form designated by EOS to initiate debit entries and/or credit correction entries to the Account for payments of the royalty fee and other amounts payable under this Agreement, including any interest charges; and **(d)** make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof.

(3) Notwithstanding the provisions of this Section 7.F., EOS reserves the right to modify, at its option, the method by which Franchisee pays the royalty fee and other amounts owed under this Agreement, including advertising fees and interest charges, upon receipt of written notice from EOS.

(4) Failure by Franchisee to have sufficient funds in the Account shall constitute a default of this Agreement pursuant to Section 22.B.(2). Franchisee shall not be entitled to set off, deduct or otherwise withhold any royalty fees, advertising contributions, interest charges or any other monies payable by Franchisee under this Agreement on grounds of any alleged non-performance by EOS of any of its obligations or for any other reason.

G. Interest. If any payments by Franchisee due to EOS are not received by EOS by the Due Date, Franchisee, in addition to paying the amount owed, shall pay EOS interest on the amount owed from the date due until paid at the maximum rate permitted for indebtedness of this nature in the state in which the Franchised Restaurant is located, not to exceed 1.5% per month or a portion of a month. Payment of interest by Franchisee on past due obligations is in addition to all other remedies and rights available to EOS pursuant to this Agreement or under applicable law.

H. Partial Payments. No payment by Franchisee or acceptance by EOS of any monies under this Agreement for a lesser amount than due shall be treated as anything other than a partial payment on account. Franchisee's payment of a lesser amount than due with an endorsement, statement or accompanying letter to the effect that payment of the lesser amount constitutes full payment shall be given no effect, and EOS may accept the partial payment without prejudice to any rights or remedies it may have against Franchisee. Acceptance of payments by EOS other than as set forth in this Agreement shall not constitute a waiver of EOS's right to demand payment in accordance with the requirements of this Agreement or a waiver by EOS of any other remedies or rights available to it pursuant to this Agreement or under applicable law. Notwithstanding any designation by Franchisee, EOS shall have sole discretion to apply any payments by Franchisee to any of its past due indebtedness for royalty fees, advertising contributions, purchases from EOS or its affiliates, interest or any other indebtedness. EOS has the right to accept payment from any other entity as payment by Franchisee. Acceptance of that payment by EOS will not result in that other entity being substituted for Franchisee.

I. Collection Costs and Expenses. Franchisee agrees to pay to EOS on demand any and all costs and expenses incurred by EOS in enforcing the terms of this Agreement, including, without limitation, collecting any monies owed by Franchisee to EOS. These costs and expenses include, but are not limited to, costs and commissions due a collection agency, reasonable attorneys' fees (including attorneys' fees for in-house counsel employed by EOS or its affiliates and any attorneys' fees incurred by EOS in bankruptcy proceedings), costs incurred in creating or replicating reports demonstrating Gross Sales of the Franchised Restaurant, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing.

8. RECORDKEEPING AND REPORTS

A. Recordkeeping. Franchisee agrees to use computerized cash and data capture and retrieval systems that meet EOS's specifications and to record sales of the Franchised Restaurant electronically or on tape for all sales at or from the Franchised Location. Franchisee shall keep and maintain, in accordance with any procedures set forth in the Manual, complete and accurate books and records pertaining to the Franchised Restaurant sufficient to fully report to EOS. Franchisee's books and records shall be kept and maintained using generally accepted accounting principles ("GAAP"), if Franchisee uses GAAP in any of its other operations, otherwise Franchisee shall use other recognized accounting principles applied on a consistent basis which accurately and completely reflect the financial condition of Franchisee. Franchisee shall preserve all of its books, records and state and federal tax returns for at least 5 years after the later of preparation or filing (or such longer period as may be required by any governmental entity) and make them available and provide duplicate copies to EOS within 5 days after EOS's written request.

B. Quarterly Reports. Franchisee shall, at Franchisee's expense, submit to EOS, in the form prescribed by EOS, a quarterly profit and loss statement and balance sheet (both of which may be unaudited) within 30 days after the end of each fiscal quarter (as defined by EOS from time to time) during each fiscal year (as defined by EOS from time to time). EOS shall have the right, to be exercised in its sole discretion, to require that Franchisee provide EOS profit and loss statements and balance sheets at other times requested by EOS. Each statement and balance sheet shall be signed by Franchisee or by Franchisee's treasurer or chief financial officer attesting that it is true, correct and complete and uses accounting principles applied on a consistent basis which accurately and completely reflect Franchisee's financial condition.

C. Annual Reports. Franchisee shall, at its expense, provide to EOS either a reviewed or audited profit and loss statement and balance sheet for the Franchised Restaurant within 60 days after the end of each fiscal year to be signed by Franchisee or by Franchisee's treasurer or chief financial officer attesting that the financial statements present fairly the financial position of Franchisee and the results of operations of the Franchised Restaurant during the period covered. EOS shall have the right, in its reasonable discretion, to require that Franchisee, at Franchisee's expense, submit audited financial statements prepared by a certified public accounting firm acceptable to EOS for any fiscal year or any period or periods of a fiscal year.

D. Other Reports. Franchisee shall submit to EOS, for review or auditing, such other forms, reports, records, information and data as EOS may reasonably designate, in the form and at the times and places reasonably required by EOS, upon request and as specified from time to time in the Manual or otherwise in writing.

E. Public Filings. If Franchisee is or becomes a publicly-held entity in accordance with other provisions of this Agreement, Franchisee shall send to EOS copies of all reports (including responses to comment letters) or schedules that Franchisee may file with the U.S. Securities and Exchange Commission (certified by Franchisee's chief executive officer to be true, correct, complete and accurate) and copies of

any press releases it may issue, within 3 days of the filing of those reports or schedules or the issuance of those releases.

F. Audit Rights.

(1) EOS or its designee shall have the right at all reasonable times, both during and after the term of this Agreement, to inspect, copy and audit Franchisee's books, records, and federal, state and local tax returns, and such other forms, reports, information and data as EOS reasonably may designate, applicable to the operation of the Franchised Restaurant. If an inspection or audit discloses an understatement of Gross Sales, Franchisee shall pay EOS, within 10 days after receipt of the inspection or audit report, the deficiency in the royalty fees and advertising contributions plus interest (at the rate and on the terms provided in Section 7.G.) from the date originally due until the date of payment. If an inspection or audit is made necessary by Franchisee's failure to furnish reports or supporting records as required under this Agreement, or to furnish such reports, records or information on a timely basis, or if an understatement of Gross Sales for the period of any audit is determined by any audit or inspection to be greater than 2%, Franchisee also shall reimburse EOS for the reasonable cost of the audit or inspection including, without limitation, the charges of attorneys and independent accountants, and the travel expenses, room, board and compensation of EOS's employees or designees involved in the audit or inspection. The foregoing remedies shall be in addition to all other remedies and rights available to EOS under this Agreement or applicable law.

(2) If Franchisee fails to provide EOS on a timely basis with the records, reports and other information required by this Agreement or, upon request of EOS, with copies of the same, EOS or its designee shall have access at all reasonable times (and as often as necessary) to Franchisee's books and records for the purpose, among other things, of preparing the required records, reports and other information. Franchisee promptly shall reimburse EOS or its designee for all costs and expenses associated with EOS's obtaining such records, reports or other information.

9. ADVERTISING

A. Grand Opening Required Spending. At least 30 days prior to the opening of the Franchised Restaurant, Franchisee must submit a Grand Opening Required Spending Plan ("Grand Opening Plan") to EOS outlining Franchisee's proposal for grand opening advertising of the Franchised Restaurant. Franchisee shall not implement the Grand Opening Plan unless and until EOS has consented to the Grand Opening Plan in writing. Franchisee agrees to modify the Grand Opening Plan as requested by EOS and, thereafter, no substantial changes shall be made to the Grand Opening Plan without the advance written consent of EOS. In addition to the requirements of Section 9.F., Franchisee shall, during the period beginning 30 days before the scheduled opening of the Franchised Restaurant and continuing for 60 days after the Franchised Restaurant first opens for business ("Grand Opening Period"), spend at least \$7,500 to conduct grand opening advertising in authorized advertising media and for authorized expenditures (as defined in Section 9.F.). Within 10 days after the end of the Grand Opening Period, Franchisee shall submit proof of such grand opening advertising expenditures to EOS.

B. Contributions/Expenditures by Franchisee. During the term of this Agreement, Franchisee shall have a weekly marketing obligation ("WMO") in an amount up to 5% of the Gross Sales of the Franchised Restaurant as set forth in this Section 9 and in the attached Data Sheet. As of the Effective Date, Franchisee's WMO is 3% of the Gross Sales of the Franchised Restaurant; 1% of which must be contributed, at the same time and in the same manner as the royalty fee, to the Brand Fund (subject to the maximum annual contribution referenced in Section 9.C. and in the attached Data Sheet) in accordance with Section 9.C. and 2% of which must be spent on local store marketing in accordance with Section 9.F. Following written notice to Franchisee, EOS may increase and reallocate the WMO among the Brand Fund,

a Regional Advertising Fund (or a Regional Co-op) in accordance with Section 9.E., and/or local store marketing.

C. Brand Fund.

(1) EOS has established the Earl of Sandwich brand fund for the enhancement and protection of the System and the Proprietary Marks, and for the creation and development of advertising, marketing and public relations, research and related programs, activities and materials that EOS, in its sole discretion deems appropriate (“Brand Fund”). As of the Effective Date, Franchisee shall contribute 1% of the Gross Sales of the Franchised Restaurant (up to a maximum annual contribution of \$30,000 during each of EOS’s fiscal years) to the Brand Fund as set forth in the attached Data Sheet, which amount may be modified by EOS in accordance with Section 9.B. EOS will have sole discretion to use the Brand Fund, and the monies in the Brand Fund, for any purpose that EOS deems will enhance and protect the System and Proprietary Marks and will improve and increase public recognition and perception of the System and Proprietary Marks. Earl of Sandwich Restaurants operated by EOS and its affiliates shall contribute to the Brand Fund on the same basis as comparable franchisees.

(2) EOS (or its designee) shall direct all programs that the Brand Fund finances, with sole control over the creative concepts, materials, and endorsements used in those programs and their geographic, market, and media placement and allocation. Franchisee must participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Fund. Franchisee agrees that EOS may utilize the Brand Fund for programs, concepts, and expenditures including, but not limited to: (1) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, and other advertising and marketing materials; (2) creative development, preparation, production and placement of video, audio, and written materials and electronic media; (3) media placement and buying, including all associated expenses and fees; (4) administering regional and multi-regional marketing and advertising programs; (5) market research and customer satisfaction surveys, including the use of secret shoppers; (6) the creative development of, and actual production associated with, premium items, giveaways, promotions, contests, public relation events, and charitable or nonprofit events; (7) creative development of signage, posters, and individual restaurant décor items including wall graphics and signage; (8) development and management of a kiosk or truck program; (9) website, extranet and/or intranet development and maintenance; (10) development, implementation, and maintenance of an electronic commerce website and/or related strategies; (11) development and implementation of search engine optimization strategies; (12) development and administration of consumer surveys, interviews and other customer satisfaction and retention policies; (13) retention and payment of advertising and marketing agencies and other outside advisors including retainer and management fees; (14) public relations and community involvement activities and programs; and (15) real estate analytics and marketing. From time to time, EOS or its designee may furnish Franchisee with marketing, advertising and promotional materials at the cost of producing them, plus any related shipping, handling and storage charges. Franchisee shall not modify any of these materials without EOS’s prior written consent.

D. Regional Advertising Funds.

(1) EOS shall have the right, in its sole discretion, to establish one or more regional advertising funds for Earl of Sandwich Restaurants (“Regional Advertising Funds”). If a Regional Advertising Fund is established for a geographical area that includes the Franchised Location, Franchisee shall contribute to that Regional Advertising Fund in the amount set forth in the attached Data Sheet, as subsequently modified by EOS. Earl of Sandwich Restaurants operated by EOS and its affiliates in an area covered by a Regional Advertising Fund shall contribute to the Regional Advertising Fund on the same basis as comparable franchisees.

(2) EOS or its designee shall direct all advertising, marketing, and public relations programs and activities financed by the Regional Advertising Fund, with sole discretion over the creative concepts, materials and endorsements used in those programs and activities, and the geographic, market and media placement and allocation of advertising and marketing materials. Franchisee agrees that the Regional Advertising Fund may be used to pay the costs of preparing and producing such associated materials and programs as EOS or its designee may determine, including video, audio and written advertising materials; employing advertising agencies; sponsorship of sporting, charitable or similar events; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising agencies to assist with these efforts; and supporting public relations, market research and other advertising, promotional and marketing activities. Franchisee agrees to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Regional Advertising Fund.

E. Regional Co-op.

(1) In lieu of a Regional Advertising Fund for the area that includes the Franchised Location, EOS, in its sole discretion, may establish a Regional Co-op. Franchisee shall contribute to the Regional Co-op in the amount set forth in the attached Data Sheet, as subsequently modified by EOS. EOS, if it so elects, may prepare bylaws to be used by the Regional Co-op and may require the Regional Co-op to incorporate.

(2) Monies in the Regional Co-op may be spent for the purposes determined by majority vote of the Regional Co-op on the basis of one vote for each Earl of Sandwich Restaurant in the Regional Co-op. Unless otherwise consented to in writing by EOS, the Regional Co-op shall only conduct advertising that conforms with those advertising and sales promotions specified by EOS from time to time (including the media in which conducted). All advertising shall be submitted to EOS prior to first use as provided in Section 9.F., and all advertising shall adhere to the standards set forth in Section 9.F. Each franchisee who is a member of the Regional Co-op shall be entitled to vote on Regional Co-op matters; however, a franchisee shall not be entitled to vote if it is in default under its franchise agreement or any other agreement with EOS or its affiliates. EOS always shall be a member of the Regional Co-op and be entitled to attend and fully participate in Regional Co-op meetings, but EOS shall not have a vote unless it or its affiliates operates Earl of Sandwich Restaurants in the area covered by the Regional Co-op. EOS shall be given at least 3 days' prior written notice of Regional Co-op meetings. If the members of the Regional Co-op are unable or fail to determine the manner in which Regional Co-op monies should be spent, EOS may assume this decision making authority following 10 days' advance written notice to the members of the Regional Co-op.

(3) EOS or its designee shall have the right to terminate (and subsequently restart) the Regional Co-op or convert the Regional Co-op to a Regional Advertising Fund. Upon termination, all monies in the Regional Co-op shall be spent for advertising and/or promotional purposes.

(4) EOS or its designee may grant to any franchisee an exemption for any length of time from the requirement of membership in the Regional Co-op, upon written request of such a franchisee stating reasons supporting an exemption. Decisions regarding a request for exemption shall be final. EOS shall have the sole right to enforce the obligations of franchisees who are members of the Regional Co-op to contribute to the Regional Co-op, and neither Franchisee nor any other franchisees who contribute to the Regional Co-op shall be deemed a third party beneficiary with respect to the Regional Co-op obligations of other franchisees or have any right to enforce the obligation of any franchisee to contribute to the Regional Co-op.

F. Local Store Marketing.

(1) Franchisee shall spend, at a minimum, that portion of its WMO not otherwise spent or contributed pursuant to this Section 9 for local store marketing (“LSM”) in authorized advertising media and for authorized advertising expenditures. As of the Effective Date, Franchisee shall spend at least 2% of the Gross Sales of the Franchised Restaurant for LSM as set forth in the attached Data Sheet, which amount may be modified by EOS in accordance with Section 9.B. EOS or its designee periodically shall advise Franchisee of the advertising and sales promotions approved by EOS, however, EOS will not design or place any local advertising materials in Franchisee’s market.

(2) Franchisee may purchase local advertising and promotion materials from any EOS-approved source. If purchased from a source other than EOS or its affiliates, these materials shall comply with federal and local laws and regulations and with the guidelines for advertising and promotions promulgated from time to time by EOS or its designee and shall be submitted to EOS or its designee at least 30 days prior to first use for its approval, which EOS may grant or withhold in its sole discretion. All local advertising and promotion materials shall bear the Proprietary Marks in the form, color, location and manner prescribed by EOS. In no event shall Franchisee’s advertising contain any statement or material which, in the sole discretion of EOS, may be considered: **(a)** in bad taste or offensive to the public or to any group of persons; **(b)** defamatory of any person or an attack on any competitor; **(c)** to infringe upon the use, without permission, of any other persons’ trade name, trademark, service mark or identification; or **(d)** inconsistent with the public image of EOS or the System.

G. Treatment of Payments to EOS.

(1) EOS shall separately account for the Brand Fund and Regional Advertising Funds, but EOS shall not be required to segregate any of the funds from EOS’s other monies. None of the funds shall be used to defray any of EOS’s general operating expenses. Each fund may hire employees, either full-time or part-time, for its administration. EOS and its affiliates may be reimbursed by each fund for expenses directly related to the fund’s marketing programs, including, without limitation, conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to each fund. EOS may spend in any fiscal year an amount greater or less than the aggregate contribution of all Earl of Sandwich Restaurants to each fund during that year or cause each fund to invest any surplus for future use by the fund. A statement of monies collected and costs incurred by each fund shall be prepared annually and shall be furnished to Franchisee within a reasonable period of time following a written request. EOS or its designee will have the right to cause each fund to be incorporated or operated through an entity separate from EOS at such time as EOS or its designee deems appropriate, and such successor entity shall have all rights and duties of EOS pursuant to this Section 9.

(2) **Franchisee understands and acknowledges that each fund is intended to enhance recognition of the Proprietary Marks and patronage of Earl of Sandwich Restaurants. EOS will endeavor to utilize each fund to develop advertising and marketing materials and programs and to place advertising that will benefit the System and all Earl of Sandwich Restaurants contributing to the fund. Franchisee agrees, however, that EOS is not liable to Franchisee, and Franchisee forever covenants not to sue and holds EOS harmless of any liability or obligation to ensure that expenditures by each fund in or affecting any geographic area (including the Franchised Location) are proportionate or equivalent to the contributions to the fund by Earl of Sandwich Restaurants operating in that geographic area, or that any Earl of Sandwich Restaurant will benefit directly or in proportion to its contribution to each fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section 9, neither EOS nor its designee assumes any direct or indirect liability to Franchisee with respect to the maintenance, direction or administration of each fund.**

(3) EOS reserves the right, in its sole discretion, to: (a) suspend contributions to and operations of each fund for one or more periods that it determines to be appropriate; (b) terminate any fund upon 30 days' written notice to Franchisee and establish, if EOS so elects, one or more new advertising funds; and (c) defer or waive, in whole or in part, upon the written request of any franchised or company restaurants, any advertising fees required by this Section if, in EOS's sole judgment, there has been demonstrated unique, objective circumstances justifying any such waiver or deferral. On termination of a fund, all monies in the fund shall be spent for advertising and/or promotional purposes. EOS has the right to reinstate any fund upon the same terms and conditions set forth in this Agreement upon 30 days' prior written notice to Franchisee. EOS, in its sole discretion as it deems appropriate in order to maximize media effectiveness, may transfer monies from the Brand Fund to any Regional Advertising Fund or from all Regional Advertising Funds to the Brand Fund.

10. MANUAL

Franchisee acknowledges receipt on loan of EOS's confidential and proprietary Manual, which contains the System standards, which include detailed standards, specifications, instructions, requirements, methods and procedures for the operation of the Franchised Restaurant. The Manual also may relate to the selection, purchase, storage, preparation, packaging, ingredients, recipes, service and sale of all products and beverages sold at the Franchised Restaurant; operations training; marketing, advertising and sales promotions; maintenance and repair of the Franchised Restaurant building, grounds, equipment, graphics, signs, interior and exterior décor items, fixtures and furnishings; employee dress attire and appearance standards; menu concept and graphics; and other business procedures. EOS may modify the Manual and Franchisee shall comply with all modified System standards. Franchisee agrees at all times to operate the Franchised Restaurant in strict conformity with the Manual; to maintain the Manual at the Franchised Restaurant; to not reproduce the Manual or any part of it; and to treat the Manual as confidential and proprietary, and; to disclose the contents of the Manual only to those employees of Franchisee who have a need to know. Franchisee shall keep its copy of the Manual current and up-to-date with all additions and deletions provided by or on behalf of EOS and shall purchase whatever equipment and related services (including, without limitation, computer system, Internet service, dedicated phone line, facsimile machine, etc.) as may be necessary to receive these communications. If a dispute relating to the contents of the Manual develops, the master copy maintained by EOS at its principal offices shall control.

11. MODIFICATIONS OF THE SYSTEM

A. System Modifications. EOS, in its sole discretion, shall be entitled from time to time to change or modify the System, including modifications to the Manual, the menu and menu formats, the required equipment, the signage, the building and premises of the Franchised Restaurant (including the trade dress, décor and color schemes), the presentation of the Proprietary Marks, the adoption of new administrative forms and methods of reporting and of payment of any monies owed to EOS (including electronic means of reporting and payment) and the adoption and use of new or modified Proprietary Marks or copyrighted materials. Franchisee shall accept and use or display in the Franchised Restaurant any such changes or modifications to the System as if they were a part of the System at the time this Agreement was executed, and Franchisee will make such expenditures as the changes or modifications in the System may reasonably require.

B. Authorized Menu Items. Within 30 days after receipt of written notice from EOS, Franchisee shall begin selling any newly authorized menu items and cease selling any menu items that are no longer authorized. All food, beverage and merchandise items authorized for sale at the Franchised Restaurant shall be offered for sale under the specific name designated by EOS. EOS, in its sole discretion, may restrict sales of menu items to certain time periods during the day. If Franchisee has a suggestion for a new menu item or for a change to an authorized menu item or Franchisee desires to participate in a test

market program, Franchisee shall provide EOS written notice prior to implementation. Franchisee shall not add or modify any menu item or participate in a test market program without first having obtained EOS's prior written approval. Franchisee shall purchase any additional equipment and smallwares as EOS deems reasonably necessary in connection with new menu items. If EOS requires Franchisee to begin offering a new menu item which requires the purchase of additional equipment, a reasonable period of time, as determined in the sole discretion of EOS, shall be provided for the financing, purchase and installation of any such equipment before such new menu items must be offered for sale at the Franchised Restaurant.

C. Renovation of Franchised Restaurant. Extensive structural changes, major remodeling and renovations, and substantial modifications to existing equipment and improvements to modernize and conform the Franchised Restaurant to the image of the System for new franchised and company restaurants shall be required at EOS's request (but not more often than every 5 years). Capital expenses necessary for the repair and maintenance of the Franchised Location are not subject to the time limitations described in the preceding sentence. Within 60 days after receipt of EOS's written notice regarding the required modernization, Franchisee shall prepare and complete drawings and plans for the required modernization. These drawings and plans must be submitted to, and their use approved by, EOS prior to the commencement of work. Franchisee shall complete the required modernization within the time reasonably specified by EOS in its written notice.

D. Variations from System Standards. EOS has the right, in its sole discretion, to waive, defer or permit variations from the standards of the System or the applicable agreement to any franchisee or prospective franchisee based on the peculiarities of a particular site, existing building configuration or circumstance, density of population, business potential, trade area population or any other condition or circumstance. EOS shall have the right, in its sole discretion, to deny any such request EOS believes would not be in the best interests of the System.

E. Franchisee's Development of System Improvements. If Franchisee develops any new concepts, processes or improvements relating to the System, whether or not pursuant to an EOS authorized test, Franchisee promptly shall notify EOS and provide EOS with all information regarding the new concept, process or improvement, all of which shall become the property of EOS and its affiliates and which may be incorporated into the System without any payment to Franchisee. Franchisee, at its expense, promptly shall take all actions deemed necessary or desirable by EOS to vest in EOS ownership of such concepts, processes or improvements.

12. TRAINING

A. Initial Manager Training Program.

(1) At least 45 days prior to the opening of the Franchised Restaurant, Franchisee (or, if Franchisee is owned by more than one individual, Franchisee's Operating Principal, as defined in Section 17.G.) and up to 2 restaurant managers that Franchisee designates shall attend, and become certified in, an initial manager training program in the operation of an Earl of Sandwich Restaurant offered by EOS. The initial manager training program will include classroom instruction and on-the-job training at EOS's designated training facilities or a certified training restaurant ("CTR"). Upon completion of the initial manager training program, Franchisee (or, if applicable, Franchisee's Operating Principal) and Franchisee's designated employees who attend the initial manager training program shall take an exam, upon successful completion of which a "Certificate of Completion" will be awarded to each applicable individual, and Franchisee will "certified" to operate the Franchised Restaurant. EOS will not authorize the Franchised Restaurant to open until an adequate number of Franchisee's employees, as determined by EOS in its sole discretion, have attended, successfully completed and been "certified" in the initial manager training program.

(2) Subsequent to the opening of the Franchised Restaurant, any employee of Franchisee who assumes any management position must, within 30 days after assuming such position, attend the initial manager training program and become certified for that position after completing such training. The initial manager training program will be provided by EOS, unless a restaurant operated by Franchisee has been certified as a CTR in accordance with Section 12.C.

(3) EOS shall bear all expenses for the initial manager training program, provided that Franchisee will be required to pay all travel, living, food and other incidental expenses incurred by Franchisee and Franchisee's employees while attending the training. EOS reserves the right to dismiss from the training program any person whom EOS does not believe will perform acceptably in the position for which he has been hired by Franchisee, and Franchisee shall provide a suitable replacement within one month of such dismissal.

B. Additional Training. EOS shall have the right (which may be exercised at any time and in EOS's sole discretion) to require that Franchisee, the Operating Principal, Franchisee's restaurant manager and any other employees designated by EOS take and successfully complete other training courses in addition to the initial manager training program. EOS reserves the right to require Franchisee to pay a tuition fee as established by EOS from time to time for these additional training programs within 30 days of receipt of an invoice from EOS. Franchisee will be required to pay all travel, living, food and other incidental expenses incurred by Franchisee and Franchisee's employees while attending the training. Franchisee will also be required to pay EOS's costs and expenses incurred for developing, compiling and distributing any additional training materials, if requested by Franchisee. Such costs and expenses, at EOS's option, may be a fixed fee based on EOS's reasonable estimate in consultation with Franchisee based on EOS's average costs and expenses incurred in creating such additional training materials.

C. Team Member Training.

(1) Prior to opening the Franchised Restaurant, Franchisee or Franchisee's "certified" restaurant manager shall train each newly hired team member in the operation of the Franchised Restaurant. EOS will not authorize the Franchised Restaurant to open until an adequate number of Franchisee's employees, as determined by EOS in its sole discretion, have attended and successfully completed such training. Franchisee also shall conduct any additional initial and continuing training programs for its employees as EOS may require from time to time.

(2) If the Franchised Restaurant is the first Earl of Sandwich Restaurant developed by Franchisee or its affiliates, EOS will conduct the team member training on-site at the Franchised Restaurant for non-management staff for 7 days prior to and 7 days after the opening of the Franchised Restaurant. Franchisee must reimburse EOS for the reasonable travel and lodging accommodation expenses incurred by EOS's training personnel in conducting the on-site training.

(3) Franchisee shall provide EOS written notice 30 days in advance of the scheduled opening date for the Franchised Restaurant, and EOS shall have the right to rely on that date to schedule and coordinate its personnel who will assist in the team member training. Franchisee must have a certificate of occupancy, or a conditional certificate of occupancy, at least 2 days before the scheduled arrival of EOS's employees. EOS may delay the scheduled arrival of its employees if EOS determines, in its sole discretion, that the Franchised Restaurant building is not safe or not ready to begin training. If the team member training date or the opening date is postponed or delayed for failure to obtain a certificate of occupancy or for any other reason and, as a direct result thereof, EOS incur any additional costs and expenses, Franchisee shall promptly reimburse EOS for those costs and expenses, including the salaries and wages for EOS's trainers during the period of such delay.

(4) If the Franchised Restaurant is not the first Earl of Sandwich Restaurant developed by Franchisee or its affiliates and if Franchisee requests that EOS conduct the team member training for non-management staff, and if EOS agrees in its sole discretion, Franchisee must pay all reasonable expenses incurred by EOS in connection with such on-site training, including without limitation, travel expenses, lodging accommodations, salaries and wages of EOS training personnel, and other reasonable expenses of all such persons sent to the Franchised Restaurant in connection with the on-site training of the Franchised Restaurant employees.

(5) If Franchisee operates 2 or more franchised Earl of Sandwich Restaurants, within 90 days after Franchisee opens its third franchised Earl of Sandwich Restaurant, Franchisee may request permission from EOS to establish one of Franchisee's Earl of Sandwich Restaurants as a CTR at which Franchisee's employees will offer the initial manager training program to Franchisee's employees. EOS must certify the Franchised Restaurant as a CTR before Franchisee may begin training there. EOS may periodically visit the CTR to ensure that it continues to meet EOS's standards.

13. ADDITIONAL SERVICES BY EOS

A. Pre-Opening Assistance. EOS may provide consultation and advice to Franchisee, as EOS deems appropriate, with regard to the development and operation of the Franchised Restaurant, building layout, furnishings, fixtures and equipment plans and specifications, employee training, purchasing and inventory control, and such other matters as EOS deems appropriate.

B. Post-Opening Assistance. EOS periodically, as it deems appropriate, shall advise and consult with Franchisee in connection with the operation of the Franchised Restaurant. EOS, as it deems appropriate, shall provide to Franchisee its knowledge and expertise regarding the System and pertinent new developments, techniques and improvements in the areas of restaurant design, management, food and beverage preparation, sales promotion, service concepts and other areas. EOS may provide these services through visits by EOS's representatives to the Franchised Restaurant or Franchisee's offices, the distribution of printed or filmed material or electronic information, meetings or seminars, telephone communications, electronic mail communications or other communications.

C. Periodic Inspections. EOS shall inspect the Franchised Restaurant and its operations to assist Franchisee's operations and ensure compliance with the System.

D. Delegation. EOS has the right, from time to time, to delegate the performance of any portion or all of its obligations and duties under this Agreement to designees, whether affiliates or agents of EOS or independent contractors with which EOS has contracted to provide this service.

14. PERFORMANCE STANDARDS AND UNIFORMITY OF OPERATION

Products sold and services performed under the Proprietary Marks have a reputation for quality. This reputation has been developed and maintained by EOS, and it is of the utmost importance to EOS, Franchisee and all other franchisees of EOS that this reputation be maintained. In recognition of the mutual benefits that come from maintaining the reputation for quality enjoyed by the System, Franchisee covenants and agrees, with respect to the operation of the Franchised Restaurant, that Franchisee and its employees shall comply with all of the requirements of the System as set forth in the Manual or otherwise, and Franchisee additionally shall comply with the following:

A. Standards, Specifications and Procedures. Franchisee acknowledges that each and every detail of the appearance, layout, décor, services and operation of the Franchised Restaurant is important to EOS and other Earl of Sandwich Restaurants. Franchisee agrees to cooperate with EOS by maintaining these high standards in the operation of the Franchised Restaurant. Franchisee further agrees to comply with all System specifications, recipes, standards and operating procedures (whether contained in the Manual or any other written communication to Franchisee) relating to the appearance, function, cleanliness and operation of an Earl of Sandwich Restaurant, including, but not limited to: **(1)** type, quality, taste, weight, dimensions, ingredients, uniformity, manner of preparation, and sale of all food products and beverages sold at the Franchised Restaurant and all other products used in the packaging and sale of those products and beverages; **(2)** sales and marketing procedures and customer service; **(3)** advertising and promotional programs; **(4)** layout, décor and color scheme of the Franchised Restaurant; **(5)** appearance and dress of employees; **(6)** safety, maintenance, appearance, cleanliness, sanitation, standards of service, and operation of the Franchised Restaurant; **(7)** submission of requests for approval of brands of products, supplies and suppliers; **(8)** use and illumination of signs, posters, displays, standard formats and similar items; **(9)** identification of Franchisee as the owner of the Franchised Restaurant; **(10)** types of fixtures, furnishings, equipment, smallwares and packaging; and **(11)** the make, type, location and decibel level of any game, entertainment or vending machine and the music programming service that is played at the Franchised Restaurant. Mandatory specifications, standards and operating procedures, including upgraded or additional equipment and software, that EOS prescribes from time to time in the Manual or otherwise communicates to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth in this Agreement.

B. Approved Products, Distributors and Suppliers.

(1) Franchisee acknowledges that the reputation and goodwill of Earl of Sandwich Restaurants are based upon, and can only be maintained by, the sale of distinctive, high quality food products and beverages, and the presentation, packaging and service of such products and beverages in an efficient and appealing manner. EOS may develop certain proprietary food products that will be prepared by or for EOS according to EOS's proprietary special recipes and formulas (collectively "proprietary products"). EOS also has developed standards and specifications for other food products, ingredients, seasonings, mixes, beverages, materials and supplies incorporated or used in the preparation, cooking, serving, packaging and delivery of prepared food products authorized for sale at Earl of Sandwich Restaurants. Franchisee agrees that it will: **(a)** purchase those proprietary products only from EOS or a third party designated and licensed by EOS to prepare and sell such products (collectively "designated suppliers"); **(b)** use the proprietary products only in accordance with the Manual and for items sold at the Franchised Restaurant; and **(c)** purchase from manufacturers, distributors, vendors and suppliers approved by EOS (collectively "approved suppliers") all other goods, food products, ingredients, spices, seasonings, mixes, beverages, materials and supplies used in the preparation of products (collectively "goods"), as well as advertising materials furniture, fixtures, equipment, smallwares, menus, menu boards, forms, paper and plastic products, packaging or other materials (collectively "materials") that meet the standards and specifications promulgated by EOS from time to time. EOS has the right to require that Franchisee use only certain brands and to prohibit Franchisee from using other brands. EOS may from time to time modify the list of approved brands (including certain brands of soft drinks and bottled beverages), and Franchisee shall not, after receipt of such modification in writing, reorder any brand that is no longer an approved brand. EOS may from time to time modify the list of designated suppliers and/or approved suppliers, and Franchisee shall not, after receipt of such modification in writing, order any proprietary products from a supplier who is no longer a designated supplier or order any goods or materials from a supplier who is no longer an approved supplier.

(2) EOS may approve one or more suppliers for any goods or materials and may approve a supplier only as to certain goods or materials. EOS may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for any group of Earl of Sandwich Restaurants or any other group of restaurants franchised or operated by EOS or its affiliates. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be rescinded or provided on a temporary basis pending a further evaluation of such supplier by EOS. EOS may establish commissaries and distribution facilities owned and operated by EOS or an affiliate that EOS shall designate as an approved supplier.

(3) If Franchisee proposes to purchase any goods or materials (that Franchisee is not required to purchase from EOS, an affiliate of EOS or a designated supplier) from a supplier that EOS has not previously approved, Franchisee shall submit to EOS a written request for such approval, or shall request the supplier to do so itself. EOS has the right to require, as a condition of its approval, that its representatives be permitted to inspect the supplier's facilities, and that such information, specifications and samples as EOS reasonably designates be delivered to EOS and/or to an independent, certified laboratory designated by EOS for testing prior to granting approval. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test shall be paid by Franchisee. EOS will notify Franchisee within 60 days of Franchisee's request as to whether Franchisee is authorized to purchase such products from that supplier. EOS reserves the right, at its option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval upon the suppliers' failure to continue to meet any of the foregoing criteria.

(4) Franchisee shall at all times maintain an inventory of approved goods and materials sufficient in quality and variety to realize the full potential of the Franchised Restaurant. EOS may, from time to time, conduct market research and testing to determine consumer trends and the salability of new food products and services. Franchisee agrees to cooperate in these efforts by participating in EOS's customer surveys and market research programs if requested by EOS. All customer surveys and market research programs will be at EOS's sole cost and expense, unless such survey or program has been approved by Franchisee and Franchisee has approved its proportionate cost. Franchisee shall not be allowed to test anything without first being requested to by EOS and signing a test letter agreement in a form satisfactory to EOS.

(5) **EOS and its affiliates disclaim all express or implied warranties concerning any approved goods, materials or services, including, without limitation, any warranties as to merchantability, fitness for a particular purpose, availability, quality, pricing or profitability. Franchisee acknowledges that EOS and its affiliates may, under appropriate circumstances, receive fees, commissions, royalties, or other consideration from approved suppliers based on sales to franchisees, and that EOS may charge non-approved suppliers reasonable testing or inspection fees.**

C. Menu Boards and Formats. EOS shall have the right to prescribe, and subsequently vary, one or more menu boards and formats to be utilized in the Franchised Restaurant. The menu boards and formats may include requirements concerning organization, graphics, product descriptions, illustrations and other matters (except prices) related to the menu. Prescribed menu boards and formats may vary depending on region, market size or other factors deemed relevant by EOS. If any menu board and format utilized by Franchisee ceases to be an authorized menu board and format, Franchisee shall have a reasonable period of time (not to exceed 6 months) to discontinue use of the old menu board and format and begin using an authorized menu board and format.

D. Menu Pricing. Franchisee shall be solely responsible for determining the prices of products offered at the Franchised Restaurant; provided, however, EOS reserves the right to require Franchisee to comply with any maximum or minimum resale pricing restrictions implemented by EOS. Any such pricing adjustments shall be made in EOS's reasonable business judgment as market conditions dictate in order to enhance sales and maximize profitability of all Earl of Sandwich Restaurants, and only to the extent that such pricing does not violate applicable law. Franchisee acknowledges that: **(1)** any such pricing restrictions at Earl of Sandwich Restaurants are essential to maintaining and furthering the goodwill and appeal that has come to be associated with Earl of Sandwich Restaurants and the System; and **(2)** EOS's required pricing policies are not anti-competitive and benefit Franchisee because it ensures uniform prices to consumers and avoids any unfair competitive advantage in favor of any Earl of Sandwich Restaurant.

E. Technology.

(1) Franchisee agrees to procure and install, at its expense, a technology system including such data processing equipment, computer hardware, software, point of sale system, required dedicated data, telephone lines, broadband and wireless Internet connections, modems, printers and other computer-related accessories or peripheral equipment as EOS specifies in the Manual or otherwise. All of the foregoing must be able to provide EOS that information, in that format/medium, as EOS reasonably may specify from time to time. Franchisee shall provide all assistance required by EOS to bring Franchisee's technology system on-line with the technology system designated by EOS and maintained by EOS or its affiliates at the earliest possible time. All of the hardware and software specified to be installed or purchased, or activities Franchisee is to accomplish, including, but not limited to, the delivery and installation or set-up cost of all hardware and software, and any and all ongoing software licensing fees shall be at Franchisee's expense. EOS reserves the right to require Franchisee to engage EOS or a hardware maintenance and/or help desk support provider approved by EOS to maintain Franchisee's technology system.

(2) As part of its technology system, Franchisee must record all sales at the Franchised Restaurant on a point of sale system that is fully compatible with EOS's technology system and that includes an information interface capability to communicate electronically with EOS's technology system to provide EOS with continuous transaction level point of sale data. Franchisee agrees that EOS shall have the free and unfettered right to retrieve any data and information from Franchisee's point of sale system as EOS, in its sole discretion, deems appropriate, including electronically polling the daily sales, menu mix and other data of the Franchised Restaurant. All data pertaining to, derived from, or displayed at the Franchised Restaurant (including without limitation data pertaining to or otherwise about Franchised Restaurant customers) is and shall be EOS's exclusive property, and EOS hereby grants Franchisee a royalty-free non-exclusive license to use that data during the Initial Term of this Agreement.

(3) Franchisee shall: **(a)** use any proprietary software programs, system documentation manuals and other proprietary materials provided to Franchisee by EOS in connection with the operation of the Franchised Restaurant; **(b)** input and maintain in Franchisee's technology system such data and information as EOS prescribes in the Manual, software programs, documentation or otherwise; and **(c)** purchase new or upgraded software programs, system documentation manuals and other proprietary materials at then-current prices (including ongoing software licensing fees) within 90 days after receipt of notice from EOS that EOS has adopted such new or upgraded programs, manuals and materials system-wide.

(4) Franchisee shall participate in EOS's online ordering system, if established, on such terms and conditions that EOS may specify in the Manual, and to pay the fees for such online ordering system that EOS and/or its vendor reasonably specify.

(5) Franchisee acknowledges that technology systems are designed to accommodate a finite amount of data and terminals, and that, as these limits are reached, or as technology or software is developed in the future, EOS may, in its sole discretion, mandate that Franchisee: **(a)** add memory, ports and other accessories or peripheral equipment or additional, new or substitute software to the original technology system purchased by Franchisee; and **(b)** replace or upgrade the entire technology system with a larger system capable of assuming and discharging the technology-related tasks and functions specified by EOS. Franchisee acknowledges that technology system designs and functions change periodically and that EOS may desire to make substantial modifications to its technology systems specifications or to require installation of entirely different systems during the term of this Agreement or upon renewal of this Agreement.

(6) To ensure full operational efficiency and communication capability between EOS's computers and those of all Earl of Sandwich Restaurants, Franchisee agrees, at its expense, to keep its technology system in good maintenance and repair and to make additions, changes, modifications, substitutions and replacements to its hardware, software, telephone and data lines and other technology-related facilities as directed by EOS, and on the dates and within the times specified by EOS in its sole discretion. Upon termination or expiration of this Agreement, all software, disks, tapes, data storage devices, and other magnetic storage media shall be returned to EOS in good operating condition, excepting normal wear and tear.

F. Non-Cash Payment Systems and PCI Compliance.

(1) Within a reasonable period of time following EOS's request, Franchisee shall accept debit cards, credit cards, stored value gift cards or other non-cash payment systems, including participation in loyalty programs, specified by EOS to enable customers to purchase authorized products and shall obtain all necessary hardware and/or software used in connection with these non-cash systems. Franchisee shall comply with all policies and procedures set forth by EOS in the Manual with respect to these non-cash payment systems.

(2) Franchisee shall maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, **"Credit Card Vendors"**) that EOS may periodically designate as mandatory. Franchisee shall not to use any Credit Card Vendor for which EOS has not given its prior written approval or as to which EOS has revoked its earlier approval. The term "Credit Card Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (e.g., "Apple Pay" and "Google Wallet"). EOS has the right to modify its requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke its approval of any service provider. Franchisee shall comply with EOS's policies regarding acceptance of payment by credit and/or debit cards, including for example minimum purchase requirements for a customer's use of a credit card (EOS may set these requirements in the Manual).

(3) Franchisee shall comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that EOS may reasonably specify. Among other things, Franchisee agrees to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

G. EOS Inspections.

(1) To determine whether Franchisee and the Franchised Restaurant are in compliance with this Agreement and with all specifications, quality standards and operating procedures prescribed by EOS for the operation of Earl of Sandwich Restaurants, EOS or its designees shall have the right at any reasonable time and without prior notice to Franchisee to: **(a)** inspect the Franchised Location; **(b)** observe, photograph and videotape the operations of the Franchised Restaurant for such consecutive or intermittent periods as EOS deems necessary; **(c)** remove samples of any food and beverage product, material or other products for testing and analysis (without paying for the samples); **(d)** interview personnel of the Franchised Restaurant; **(e)** interview customers of the Franchised Restaurant; and **(f)** inspect and copy any books, records and documents relating to the operation of the Franchised Restaurant or, upon the request of EOS or its designee, require Franchisee to send copies thereof to EOS or its designee. Franchisee shall present to its customers those evaluation forms as are periodically prescribed by EOS and shall participate and/or request its customers to participate in any surveys performed by or on behalf of EOS as EOS may direct.

(2) Franchisee agrees to cooperate fully with EOS or its designee in connection with any such inspections, observations, videotaping, product removal and interviews. Following each inspection, EOS will provide Franchisee an inspection report listing Franchisee's score on the inspection and those conditions at the Franchised Restaurant that must be rectified. Franchisee shall take all necessary steps to immediately correct any deficiencies detected during these inspections (regardless of Franchisee's inventory), including, without limitation, ceasing further sale of unauthorized menu items and ceasing further use of any equipment, advertising materials or supplies that do not conform with the standards and requirements promulgated by EOS from time to time.

(3) If Franchisee fails to achieve a passing score on an inspection, EOS may, in its sole discretion, require that Franchisee's to Operating Principal and/or one or more managerial employees of the Franchised Restaurant attend and successfully complete an additional management training program (the length of which will not exceed 10 consecutive days) to be held at a location designated by EOS. Franchisee shall pay a tuition charge as established by EOS from time to time for this training program and the travel, living, food and other incidental expenses incurred by Franchisee's employees while attending this training program.

(4) If Franchisee fails to achieve a passing score on an inspection, the inspection report shall constitute a notice of default. If Franchisee fails to achieve a passing score on the next inspection (which shall be conducted at least 30 days after Franchisee's receipt of the inspection report for the prior inspection), EOS may terminate this Agreement, without opportunity to cure, by providing Franchisee written notice of termination along with the inspection report.

H. Upkeep of the Franchised Restaurant.

(1) Franchisee shall constantly maintain and continuously operate the Franchised Restaurant and all furniture, fixtures, equipment, furnishings, floor coverings, interior and exterior signage, the building interior and exterior, interior and exterior lighting, landscaping and parking lot surfaces in first-class condition and repair in accordance with the requirements of the System, including all ongoing necessary remodeling, redecorating, refurbishing and repairs. In addition, Franchisee shall promptly and diligently perform all necessary maintenance, repairs and replacements to the Franchised Restaurant as EOS may prescribe from time to time, including periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and decor.

(2) Franchisee shall not make any material alterations to the Franchised Restaurant that affect operations or the image of the System without EOS's prior written approval. Franchisee acknowledges and agrees that the requirements of this Section are both reasonable and necessary to ensure continued public acceptance and patronage of Earl of Sandwich Restaurants, to assist the Franchised Restaurant to compete effectively in the marketplace and to avoid deterioration or obsolescence of the operation of the Franchised Restaurant.

I. Maximum Operation of the Franchised Restaurant.

(1) During the term of this Agreement, Franchisee shall use the Franchised Location solely for the operation of the Franchised Restaurant and shall maintain sufficient inventories, adequately staff each shift with qualified employees and continuously operate the Franchised Restaurant at its maximum capacity and efficiency for the minimum number of days and hours set forth in the Manual or as EOS otherwise prescribes in writing (subject to the requirements of local laws and licensing requirements).

(2) Franchisee shall immediately resolve any customer complaints regarding the quality of food or beverages, service and/or cleanliness of the Franchised Restaurant or any similar complaints. When any customer complaints cannot be immediately resolved, Franchisee shall use reasonable efforts to resolve the customer complaints as soon as practical and shall, whenever feasible, give the customer the benefit of the doubt. If EOS, in its sole discretion, determines that its intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if EOS, in its sole discretion, believes that Franchisee has failed adequately to address or resolve any customer complaints, EOS may, without Franchisee's consent, resolve any complaints and charge Franchisee an amount sufficient to cover EOS's reasonable costs and expenses in resolving the customer complaints, which amount Franchisee shall pay EOS immediately on demand.

J. Franchised Restaurant Management and Personnel.

(1) The Franchised Restaurant shall at all times be under the on-site supervision of the Operating Principal or a restaurant manager who must meet, to the satisfaction of EOS, EOS's applicable training qualifications for their designated position. Franchisee must, at all times, employ at least 2 management personnel for the Franchised Restaurant who have successfully completed the initial manager training program. If, at any time, Franchisee ceases to employ 2 management personnel as described above, Franchisee has 30 days (from the date on which Franchisee has less than 2 specified management personnel) to hire and enroll replacement personnel in the initial manager training program. At Franchisee's option, one person may hold more than one of the above positions.

(2) Franchisee (or, if Franchisee is owned by more than one individual, the Operating Principal) shall remain active in overseeing the operations of the Franchised Restaurant, including, without limitation, regular, periodic visits to the Franchised Restaurant and sufficient communications with EOS to ensure that the Franchised Restaurant's operations comply with the operating standards as promulgated by EOS from time to time in the Manual or otherwise in written or oral communications.

(3) Franchisee shall hire all employees of the Franchised Restaurant and be exclusively responsible for the terms of their employment and compensation, and for the proper training of such employees in the operation of the Franchised Restaurant, in human resources and customer relations. Franchisee shall establish at the Franchised Restaurant a training program for all employees that meets the standards prescribed by EOS.

(4) Franchisee shall employ only suitable persons of good character and reputation who will at all times conduct themselves in a competent and courteous manner in accordance with the image and reputation of EOS and the System and, while on duty, comply with the dress attire, personal appearance and hygiene standards set forth in the Manual. Franchisee shall use reasonable efforts to ensure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to all customers and fellow employees of the Franchised Restaurant.

K. Signs and Logos. Subject to local ordinances, Franchisee shall prominently display in and upon the land and buildings of the Franchised Restaurant interior and exterior signs and logos using the name "Earl of Sandwich," without any prefix or suffix, and those other names, marks, advertising signs and logos, of such nature, form, color, number, location and size, and containing that material as EOS may from time to time direct. Franchisee shall not display in or upon the Franchised Location any sign, logo or advertising media of any kind to which EOS objects.

L. Entertainment Equipment. Franchisee shall not permit at the Franchised Restaurant any juke box, vending or game machine, gum machine, game, ride, gambling or lottery device, coin or token operated machine, or any other music, film or video device not authorized by EOS.

M. Compliance with Laws and Good Business Practices.

(1) Franchisee shall secure and maintain in force in its name all required licenses, permits and certificates relating to the operation of the Franchised Restaurant. Franchisee shall operate the Franchised Restaurant in full compliance with all applicable laws, ordinances and regulations including, without limitation, all laws or regulations governing or relating to the handling of food products, immigration and discrimination, occupational hazards and health insurance, employment laws, including, without limitation, workers' compensation insurance, unemployment insurance, and the withholding and payment of federal and state income taxes, social security taxes and sales taxes. All advertising and promotion by Franchisee shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee shall, in all dealings with Franchisee's customers, suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to refrain from any business or advertising practice that may be injurious to the goodwill associated with the Proprietary Marks or the business of EOS or its affiliates, the System or other restaurants operated or franchised by EOS or its affiliates.

(2) Franchisee agrees to abide by all applicable laws pertaining to the privacy of customer, employee, and transactional information ("Privacy Laws"). Franchisee agrees to comply with EOS's standards and policies pertaining to Privacy Laws. If there is a conflict between EOS's standards and policies pertaining to Privacy Laws and actual applicable law, Franchisee shall: **(a)** comply with the requirements of applicable law; **(b)** immediately give EOS written notice of said conflict; and **(c)** promptly and fully cooperate with EOS and its counsel in determining the most effective way, if any, to meet EOS's standards and policies pertaining to Privacy Laws within the bounds of applicable law. Franchisee agrees not to publish, disseminate, implement, revise, or rescind a data privacy policy without EOS's prior written consent.

(3) Franchisee shall notify EOS in writing within 5 days after the commencement of: **(a)** any action, suit or proceeding, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of Franchisee or the Franchised Restaurant; or **(b)** of any notice of violation of any law, ordinance or regulation relating to health or sanitation at the Franchised Restaurant.

N. Customer Service Satisfaction and Secret Shopper Programs. In order to (among other things) maintain and enhance the goodwill associated with the Proprietary Marks, the System and each Earl of Sandwich Restaurant, Franchisee agrees to participate in programs initiated to verify customer satisfaction and/or Franchisee's compliance with all operational and other aspects of the System, including (but not limited to) customer service satisfaction program, secret shoppers or other programs as EOS may require. EOS will share the results of these programs, as they pertain to the Franchised Restaurant, with Franchisee. Franchisee will reimburse EOS for all costs related to the Franchised Restaurant associated with any and all of these programs.

15. PROPRIETARY MARKS

A. Scope. The term "Proprietary Marks" as used in this Agreement refers to all words, symbols, insignia, devices, designs, trade names, service marks or combinations thereof designated by EOS as identifying the System and the products sold and services provided in connection with the System. EOS shall, from time to time, advise Franchisee as to any additions or deletions to the Proprietary Marks, and Franchisee's right to use the Proprietary Marks shall be deemed modified by those additions or deletions.

B. Limited Right To Use Proprietary Marks. Franchisee's right to use the Proprietary Marks is limited to its use of the Proprietary Marks in the operation of the Franchised Restaurant at the Franchised Location and as expressly provided in this Agreement and the Manual. Franchisee shall not use the Proprietary Marks on any vehicles without EOS's prior written approval. Franchisee shall not modify the Proprietary Marks in any manner in connection with Franchisee's display of, or creation or duplication of materials bearing, the Proprietary Marks. Franchisee shall not use the Proprietary Marks or any variations of the Proprietary Marks or marks or names confusingly similar to the Proprietary Marks in any manner not authorized by EOS or in any corporate, limited liability company or partnership name and shall not use any other trade names, service marks or trademarks in conjunction with the Franchised Restaurant. If local laws or ordinances require that Franchisee file an affidavit of doing business under an assumed name or otherwise make a filing indicating that the Proprietary Marks are being used as a fictitious or assumed name, Franchisee shall include in such filing or application an indication that the filing is made "as a franchisee of Earl of Sandwich (USA), LLC." Franchisee shall use the symbol ® with all registered marks and the symbol ™ with all pending registrations or other marks.

C. Use of Proprietary Marks on Internet.

(1) Franchisee shall not use the Proprietary Marks or any variations of the Proprietary Marks or marks or names confusingly similar to the Proprietary Marks in any manner not authorized by EOS in writing as part of any URL, domain name, Website, meta-tag, download, application, posting, social networking profile, directory listing, screen name, anonymous name, blog, vlog, e-mail account, instant messaging account, texting identity, user generated content, or any other identification of Franchisee or the Franchised Restaurant in any electronic medium (collectively, and individually, "Electronic Identifiers"). As used in this Agreement, the term "Website" means one or more related documents, designs, or other communications that can be accessed through electronic means (including, but not limited to, the Internet, the World Wide Web, and social networking sites like Facebook, Twitter, LinkedIn, Pinterest, blogs, vlogs, and other applications, etc.).

(2) EOS may grant or withhold its consent in its sole discretion and may condition its consent on such requirements as EOS deems appropriate, including, among other things, that Franchisee obtain EOS's prior written approval of: **(a)** any and all Electronic Identifiers related to the Franchised Restaurant; **(b)** the proposed form and content (including any visible and non-visible content such as meta-tags) of any Website related to the Franchised Restaurant; **(c)** Franchisee's use of any hyperlinks or other links; **(d)** Franchisee's use of any materials (including text, video clips, photographs, images and sound

bites) in which any third party has an ownership interest; and **(e)** any proposed modification of Franchisee's Website. EOS may designate the form and content of Franchisee's Website and/or require that any such Website be hosted by EOS or a third party designated by EOS, using one or more Websites that EOS owns and/or controls. In addition, EOS may require Franchisee to establish hyperlinks to EOS's Website or another Website designated by EOS. EOS may charge Franchisee a fee for developing, reviewing and approving Franchisee's Website and/or for hosting the Website.

(3) Unless otherwise approved by EOS, Franchisee must use, and only use, the e-mail address and other Electronic Identifiers that EOS designates in connection with the business of the Franchised Restaurant. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining EOS's written consent as to: **(a)** the content of such e-mail advertisements or solicitations; and **(b)** Franchisee's plan for transmitting such advertisements. Franchisee acknowledges and agrees that any consent provided by EOS pursuant to this Section 15 shall be solely for the purpose of assuring compliance with EOS's standards and shall not be construed as any express or implied representation or warranty that the Electronic Identifier or its proposed content complies with any applicable laws, codes or regulations. In addition to any other provision of this Agreement, Franchisee will be solely responsible for compliance with any laws pertaining to sending e-mails including but not limited to the Controlling the Assault of Non-Solicited Pornography and Proprietary Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003").

(4) Notwithstanding this Section 15.C., EOS in its sole discretion and upon notice to Franchisee, may elect to register and own any domain name(s) or other Electronic Identifiers intended to be used by Franchisee in connection with its Franchised Restaurant. In such case, EOS will provide Franchisee all administrative access to the Electronic Identifier(s) and Franchisee shall be solely responsible for content development and creation, and maintenance thereof, in accordance with this Section 15. Franchisee shall reimburse EOS for all out-of-pocket costs and expenses incurred by EOS in connection with the registration or renewal of any Electronic Identifier immediately upon Franchisee's receipt of an invoice therefor.

D. Modifications to Proprietary Marks. If EOS should elect to use a principal name other than "Earl of Sandwich" to identify the System, EOS may select another name and notify Franchisee to change all or some items bearing the Proprietary Marks to the new name within a reasonable period of time as determined by EOS without any liability to Franchisee, and Franchisee promptly shall adopt that name. Franchisee agrees that nothing in this Agreement gives it any right, title or interest in the Proprietary Marks (except the right to use the Proprietary Marks in accordance with the terms of this Agreement), that the Proprietary Marks are the sole property of Licensor, EOS and their affiliates, that Franchisee shall not directly or indirectly contest the validity or ownership of the Proprietary Marks or EOS's right to license the Proprietary Marks, and that any and all uses by Franchisee of the Proprietary Marks and the goodwill arising therefrom shall inure exclusively to the benefit of Licensor, EOS and their affiliates. Franchisee will not seek to register, reregister, assert claim to ownership of, license or allow others to use, or otherwise appropriate to itself, any of the Proprietary Marks or any mark or name confusingly similar thereto, or the goodwill symbolized by any of the foregoing except to the extent this action inures to the benefit of, and has the prior written approval of, EOS. Any unauthorized use of the Proprietary Marks by Franchisee or attempt by Franchisee, directly or indirectly, to register the Proprietary Marks in any jurisdiction shall constitute a breach of this Agreement and an infringement of EOS's rights in and to the Proprietary Marks.

E. Notice of Infringement. Franchisee promptly shall inform EOS in writing as to any infringement of the Proprietary Marks of which it has knowledge. Franchisee shall not make any demand or serve any notice, orally or in writing, or institute any legal action or negotiate, compromise or settle any controversy with respect to any such infringement without first obtaining EOS's written approval. EOS shall have the right, but not the obligation, to bring such action or take such steps as it may deem advisable

to prevent any such infringement and to join Franchisee as a party to any action in which EOS is or may be a party and as to which Franchisee is or would be a necessary or proper party. Franchisee also shall promptly notify EOS of any litigation (including administrative or arbitration proceedings) of which Franchisee is aware instituted against EOS, its affiliates or Franchisee relating to the Proprietary Marks. Franchisee shall execute any and all instruments and documents, render such other assistance and do any acts and things as may, in the opinion of EOS's counsel, be necessary or advisable to protect and maintain EOS's interests in the Proprietary Marks, including, without limitation, EOS's interests in litigation or proceedings before the U.S. Patent and Trademark Office or other tribunal relating to the Proprietary Marks.

16. INSURANCE

A. Procurement of Insurance by Franchisee. Franchisee shall be responsible for all loss or damage arising from or related to Franchisee's development and operation of the Franchised Restaurant, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development or operation of, the Franchised Restaurant. Franchisee shall maintain in full force and effect throughout the term of this Agreement that insurance which Franchisee determines is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Restaurant which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by Section 16.B. EOS, and any entity with an insurable interest designated by EOS, shall be an additional insured in all liability policies (except workers compensation) to the extent each has an insurable interest.

B. Minimum Insurance Requirements. All insurance policies shall be written by an insurance company or companies satisfactory to EOS, in compliance with the standards, specifications, coverages and limits set forth in the Manual or otherwise provided to Franchisee in writing. EOS may reasonably increase the minimum required coverage and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances. Franchisee shall receive written notice of such modifications and shall take prompt action to secure the additional coverage or higher policy limits. These policies shall include, at a minimum, the following:

(1) Comprehensive or Commercial General Liability Insurance, including coverage for bodily injury, personal injury, products liability, contractual liability, broad form property damage, non-owned automobiles and completed operations on an occurrence basis with policy limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

(2) All Risks Property Insurance for fire and related peril (including floods and earthquakes where applicable) with limits of insurance of not less than the full replacement value of the Franchised Restaurant, and its furniture, fixtures, equipment, inventory and other tangible property.

(3) Business Interruption and Extra Expense Insurance, including rental payment continuation for a minimum of 12 months, loss of profits and other extra expenses experienced during the recovery from property loss.

(4) Plate Glass Insurance for replacement of glass from breakage.

(5) Employer's Liability Insurance in the amount of \$100,000 per person, \$500,000 in the aggregate and \$100,000 for occupational disease.

(6) Liquor Liability Insurance for bodily injury and property damage on an occurrence basis with policy limits of not less than \$1,000,000, to the extent that EOS has approved the sale of alcoholic beverages at the Franchised Restaurant.

(7) Workers' Compensation and such other insurance as may be required by statute or rule of the state or locality in which the Franchised Restaurant is located. This coverage shall also be in effect for all of Franchisee's employees who participate in any of the training programs described in Section 12.

(8) Builder's All Risk Insurance in connection with any new construction or substantial renovation, refurbishment or remodeling of the Franchised Restaurant. Franchisee shall also maintain performance and completion bonds in forms and amounts, and written by carrier(s), reasonably satisfactory to EOS.

(9) Automobile Liability if Franchisee is engaged in any delivery operations. Coverage shall be on a Symbol 1 (any auto) basis and in the amount of \$1,000,000 per occurrence on any auto.

(10) Cyber-Liability Insurance with a minimum limit of \$1,000,000 to include coverage for business interruption loss, cyber extortion, data recovery costs and data and network liability.

(11) Umbrella or Excess Liability Insurance in the amount of \$3,000,000 per occurrence and \$3,000,000 in annual aggregate that includes the prior mentioned coverages as underlying policies. Coverage shall follow form over general liability (including non-owned & hired liability), liquor liability, automobile liability and employer's liability.

C. General Insurance Requirements. The following general requirements shall apply to each insurance policy that Franchisee is required to maintain under this Agreement:

(1) Each insurance policy shall be specifically endorsed to provide that the coverages shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory. The applicable limits of each insurance policy shall be exhausted before any benefits (defense or indemnity) may be obtained under any other insurance (including self-insurance) providing coverage to EOS. The workers compensation policy shall include a waiver of subrogation in favor of EOS. In the event payments are required to be made under EOS's own insurance policies or self-insurance (whether for defense or indemnity) before the applicable coverage limits for the insurance policies obtained by Franchisee are exhausted, Franchisee agrees to reimburse, hold harmless and indemnify EOS and its insurers for such payments. Franchisee shall notify its insurers of this Agreement and shall use reasonable efforts to obtain an endorsement on each policy it obtains pursuant to Section 16.B. stating as follows:

The applicable limits of this policy shall be applied and exhausted before any benefits may be obtained (whether for defense or indemnity) under any other insurance (including self-insurance) that may provide coverage to EOS. All insurance coverage obtained by EOS shall be considered excess insurance with respect to this policy, the benefits of which excess insurance shall not be available until the applicable limits of this policy are exhausted.

(2) No insurance policy shall contain a provision that in any way limits or reduces coverage for Franchisee in the event of a claim by EOS or its affiliates.

(3) Each insurance policy shall extend to, and provide indemnity for, all obligations and liabilities of Franchisee to third parties and all other items for which Franchisee is required to indemnify EOS under this Agreement.

(4) Each insurance policy shall be written by an insurance company that has received and maintains an “A+” or better rating by the latest edition of Best’s Insurance Rating Service.

(5) No insurance policy shall provide for a deductible amount that exceeds \$5,000, unless otherwise approved in writing by EOS, and Franchisee’s co-insurance under any insurance policy shall be 80% or greater.

D. Proof of Insurance. No later than 30 days after this Agreement is executed by EOS, and on each policy renewal date thereafter, Franchisee shall submit a certificate of insurance, or other evidence of satisfactory insurance as required by this Section 16.D. and proof of payment therefor to EOS. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least 10 days’ prior written notice to EOS. Upon request, Franchisee also shall provide to EOS copies of all or any policies, and policy amendments and riders.

E. No Representations. Franchisee acknowledges that no requirement for insurance contained in this Agreement constitutes advice or a representation by EOS that only such policies, in such amounts, are necessary or adequate to protect Franchisee from losses in connection with its business under this Agreement. Maintenance of this insurance, and the performance by Franchisee of its obligations under this Section, shall not relieve Franchisee of liability under the indemnification provisions of this Agreement.

F. Procurement of Insurance by EOS. Should Franchisee, for any reason, fail to procure or maintain at least the insurance required by this Section 16, as revised from time to time pursuant to the Manual or otherwise in writing, EOS shall have the immediate right and authority, but not the obligation, to procure such insurance and charge its cost to Franchisee. Franchisee shall reimburse EOS for all out-of-pocket costs incurred by EOS in obtaining such insurance on behalf of Franchisee immediately upon Franchisee’s receipt of an invoice therefor.

17. ORGANIZATION OF FRANCHISEE

A. Representations.

(1) If Franchisee is a corporation, a limited liability company or a partnership, Franchisee makes the following representations and warranties: (a) it is duly organized and validly existing under the laws of the state of its formation; (b) it is qualified to do business in the state or states in which the Franchised Restaurant is located; (c) execution of this Agreement and the development and operation of the Franchised Restaurant is permitted by its governing documents; and (d) unless waived in writing by EOS, Franchisee’s Articles of Incorporation, Articles of Organization or written partnership agreement shall at all times provide that the activities of Franchisee are limited exclusively to the development and operation of Earl of Sandwich Restaurants and other restaurants operated by Franchisee that are franchised by EOS or its affiliates.

(2) If Franchisee is an individual, or a partnership comprised solely of individuals, Franchisee makes the following additional representations and warranties: (a) each individual has executed this Agreement; (b) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and (c) notwithstanding any transfer for convenience of ownership, pursuant to Section 19.D., each individual shall

continue to be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement.

B. Governing Documents. If Franchisee is a corporation, copies of Franchisee's Articles of Incorporation, bylaws, other governing documents and any amendments, including the resolution of the Board of Directors authorizing entry into and performance of this Agreement, and all shareholder agreements, including buy/sell agreements, have been furnished to EOS. If Franchisee is a limited liability company, copies of Franchisee's Articles of Organization, Management Agreement, other governing documents and any amendments, including the resolution of the Managers authorizing entry into and performance of this Agreement, and all agreements, including buy/sell agreements, among the members have been furnished to EOS. If Franchisee is a partnership, copies of Franchisee's written partnership agreement, other governing documents and any amendments, as well as all agreements, including buy/sell agreements, among the partners have been furnished to EOS, in addition to evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if that approval or consent is required by Franchisee's written partnership agreement. When any of these governing documents are modified or changed, Franchisee promptly shall provide copies to EOS.

C. Ownership Interests.

(1) If Franchisee is a corporation, a limited liability company or a partnership, all interests in Franchisee are owned as set forth in the attached Data Sheet. In addition, if Franchisee is a corporation, Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities of the corporation (and the number of shares owned by each). If Franchisee is a limited liability company, Franchisee shall maintain a current list of all members (and the percentage membership interest of each member). If Franchisee is a partnership, Franchisee shall maintain a current list of all owners of an interest in the partnership (and the percentage ownership of each owner). Franchisee shall comply with Section 19 prior to any change in ownership interests and shall execute addenda to the attached Data Sheet as changes occur in order to ensure the information contained in the attached Data Sheet is true, accurate and complete at all times.

(2) The requirements of this Section 17.C. shall apply only to Franchisee's Continuity Group (defined in Section 17.E.) if, as of the date of the first franchise-related agreement between Franchisee and EOS or one of its affiliates, Franchisee was a publicly-held entity (*i.e.*, an entity that has a class of securities traded on a recognized securities exchange or quoted on the inter-dealer quotation sheets known as the "pink sheets"). If Franchisee becomes a publicly-held entity after that date, it shall thereafter be required to execute addenda to the attached Data Sheet only with respect to changes in ownership interests of members of the Continuity Group.

D. Restrictive Legend. If Franchisee is a corporation, Franchisee shall maintain stop-transfer instructions against the transfer on its records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the Earl of Sandwich Restaurant Franchise Agreement(s) to which the corporation is a party." If Franchisee is a publicly-held corporation these requirements shall apply only to the stock owned by Franchisee's Continuity Group. If Franchisee is a limited liability company, each membership or management certificate or other evidence of interest in Franchisee shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the Earl of Sandwich Restaurant Franchise Agreement(s) to which the limited liability company is a party." If Franchisee is a partnership, its written partnership agreement shall provide that ownership of an interest in the partnership is held subject to, and that further assignment or transfer is subject to, all restrictions imposed on assignment by this Agreement.

E. Continuity Group. If Franchisee is a corporation, a limited liability company or a partnership, the attached Data Sheet lists those persons whom EOS and Franchisee have designated as Franchisee's "Continuity Group." In the event of any change in the Continuity Group or in the ownership interests of any member of the Continuity Group, Franchisee shall execute addenda to the attached Data Sheet to reflect the change. If Franchisee is a corporation, the Continuity Group shall at all times own at least 51% of the voting securities of Franchisee; if Franchisee is a limited liability company, the Continuity Group shall at all times own at least 51% of the membership interests in Franchisee; and if Franchisee is a partnership, the Continuity Group shall at all times have at least a 51% interest in the operating profits and losses and at least a 51% ownership interest in Franchisee.

F. Guarantees.

(1) All members of the Continuity Group and each of their spouses, if applicable, shall jointly and severally guarantee Franchisee's payment and performance under this Agreement and shall bind themselves to the terms of this Agreement pursuant to the attached Guarantee and Assumption of Franchisee's Obligations ("Guarantee"). Unless Franchisee is a publicly-held entity, all of Franchisee's officers, directors and all holders of a legal or beneficial interest in Franchisee of 10% or more ("10% Owners") and each of their spouses, if applicable, also shall jointly and severally guarantee Franchisee's payment and performance under this Agreement and also shall bind themselves to the terms of this Agreement pursuant to the attached Guarantee. Notwithstanding the foregoing, EOS reserves the right, in its sole discretion, to waive the requirement that some or all of the previously described individuals execute the attached Guarantee. EOS reserves the right to require any guarantor to provide personal financial statements to EOS from time to time.

(2) With respect to 10% Owners, Franchisee acknowledges that, unless otherwise agreed to in writing by EOS, it is EOS's intent to have individuals (and not corporations, limited liability companies or other entities) execute the Guarantee. Accordingly, if any 10% Owner is not an individual, EOS shall have the right to have the Guarantee executed by individuals who have only an indirect ownership interest in Franchisee. (By way of example, if a 10% Owner of Franchisee is a corporation, EOS has the right to require that the Guarantee be executed by individuals who have an ownership interest in that corporation.)

(3) If Franchisee, any guarantor or any parent, subsidiary or affiliate of Franchisee holds any interest in other restaurants that are franchised by EOS or its affiliates, the party who owns that interest shall execute, concurrently with this Agreement, a form of cross-guarantee to EOS and its affiliates for the payment of all obligations for such restaurants, unless waived in writing by EOS in its sole discretion. For purposes of this Agreement, an affiliate of Franchisee is any company controlled, directly or indirectly, by Franchisee or Franchisee's parent or subsidiary.

G. Operating Principal.

(1) If Franchisee is owned by more than one individual, Franchisee shall designate and retain an individual to serve as the Operating Principal. The Operating Principal as of the date of this Agreement is identified in the attached Data Sheet. Unless waived in writing by EOS, the Operating Principal shall meet all of the following qualifications:

(a) The Operating Principal, at all times, shall have at least a 10% equity ownership interest in Franchisee. This Section 17.G.(1)(a) shall not apply if Franchisee was a publicly-held entity or a wholly-owned subsidiary of a publicly-held entity as of the date of the first franchise-related agreement between Franchisee and EOS.

(b) The Operating Principal, at all times, shall be a member of the Continuity Group and, at a minimum, have full control over the day-to-day activities, including operations, of the Franchised Restaurant and those other restaurants (that are franchised by EOS or its affiliates) operated by Franchisee in the same geographic area as the Franchised Restaurant, including control over the standards of operation and financial performance.

(c) The Operating Principal shall devote full-time and reasonable efforts to supervising the operation of the Franchised Restaurant and those other restaurants (that are franchised by EOS or its affiliates) operated by Franchisee in the same geographic area as the Franchised Restaurant and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility.

(d) The Operating Principal shall successfully complete the initial manager training program (either the full initial manager training program or a modified version of the initial manager training program to meet the specific needs of the candidate, as deemed appropriate by EOS in its sole discretion) and any additional training required by EOS.

(e) EOS shall have approved the Operating Principal, and not have later withdrawn that approval.

(2) If the Operating Principal no longer qualifies as such, Franchisee shall designate another qualified person to act as Operating Principal within 30 days after the date the prior Operating Principal ceases to be qualified. Franchisee's designee to become the Operating Principal must successfully complete the initial manager training program. Following EOS's approval of a new Operating Principal, that person shall execute the attached form of Guarantee unless waived by EOS in its sole discretion.

18. TRANSFERS BY EARL OF SANDWICH

EOS shall have the absolute, unrestricted right, exercisable at any time, to transfer and assign all or any part of its rights and obligations under this Agreement to any person or legal entity without the consent of Franchisee.

19. TRANSFERS BY FRANCHISEE

A. EOS's Prior Written Approval Required.

(1) Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that EOS has entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience and demonstrated or purported ability in developing and operating high quality foodservice operations. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation or other legal entity which directly or indirectly controls Franchisee shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in Franchisee, this Agreement, the Franchise, the Franchised Restaurant, the assets of the Franchised Restaurant, the Franchised Location or any other assets pertaining to Franchisee's operations under this Agreement (collectively "Transfer") without the prior written consent of EOS, which consent shall not be unreasonably withheld.

(2) Except as otherwise provided in this Agreement, any purported Transfer, by operation of law or otherwise, not having the prior written consent of EOS shall be null and void and shall

constitute a material breach of this Agreement, for which EOS may terminate this Agreement without providing Franchisee an opportunity to cure the breach.

B. Transfer Considerations. Franchisee shall advise EOS in writing of any proposed Transfer, submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, and submit a copy of all contracts and all other agreements or proposals, and all other information requested by EOS, relating to the proposed Transfer. If EOS does not exercise its right of first refusal, the decision as to whether or not to approve a proposed Transfer shall be made by EOS in its reasonable business discretion and shall include numerous factors deemed relevant by EOS. These factors may include, but will not be limited to, the following:

(1) The proposed transferee (and if the proposed transferee is other than an individual, such owners of an interest in the transferee as EOS may request) must demonstrate that it has extensive experience in high quality restaurant operations of a character and complexity similar to the restaurants franchised by EOS or its affiliates; meets the managerial, operational, experience, quality, character and business standards for a franchisee promulgated by EOS from time to time; possesses a good character, business reputation and credit rating; has an organization whose management culture is compatible with EOS's management culture; and has adequate financial resources and working capital to meet Franchisee's obligations under this Agreement.

(2) The sales price shall not be so high, in EOS's reasonable judgment, as to jeopardize the ability of the transferee to develop, maintain, operate and promote the Franchised Restaurant and meet financial obligations to EOS, third party suppliers and creditors. EOS's decision with respect to a proposed Transfer shall not create any liability on the part of EOS: (a) to the transferee, if EOS approves the Transfer and the transferee experiences financial difficulties; or (b) to Franchisee or the proposed transferee, if EOS disapproves the Transfer pursuant to this Section 19 or for other legitimate business purposes. EOS, without any liability to Franchisee or the proposed transferee, has the right, in its reasonable business discretion, to communicate and counsel with Franchisee and the proposed transferee regarding any aspect of the proposed Transfer.

(3) All of Franchisee's accrued monetary obligations to EOS and its affiliates (whether arising under this Agreement or otherwise) and all other outstanding obligations related to the Franchised Restaurant (including, but not limited to, bills from suppliers, taxes, judgments and any required governmental reports, returns, affidavits or bonds) have been satisfied or, in the reasonable judgment of EOS, adequately provided for. EOS reserves the right to require that a reasonable sum of money be placed in escrow to ensure that all of these obligations are satisfied.

(4) Franchisee is not then in material default of any provision of this Agreement or any other agreement between Franchisee and EOS or its affiliates, is not in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to the Franchised Restaurant and is not in default beyond the applicable cure period with any vendor or supplier to the Franchised Restaurant.

(5) Franchisee, all individuals who executed this Agreement and all guarantors of Franchisee's obligations must execute a general release and a covenant not to sue, in a form satisfactory to EOS, of any and all claims against EOS and its affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between Franchisee and EOS or its affiliates and Franchisee's operation of the Franchised Restaurant and all other restaurants operated by Franchisee that are franchised by EOS or its affiliates.

(6) Unless waived by EOS in its reasonable business discretion, the transferee and those employees of the transferee designated by EOS shall complete the training provided in Sections 12.A.-B.

C. Conditions of Transfer. If EOS approves a proposed Transfer, prior to the Transfer becoming effective:

(1) The transferor shall pay EOS a nonrefundable Transfer fee in the amount of \$10,000 in connection with EOS's review of the Transfer application.

(2) Franchisee and the proposed transferee shall execute, at EOS's election, either an assignment agreement and any amendments to this Agreement deemed necessary or desirable by EOS to reflect the Transfer or EOS's then-current standard form of franchise agreement for an initial term ending on the expiration date of the Initial Term of this Agreement. In either event, a guarantee of the type required by Section 17.F. shall be executed by those individuals identified in Section 17.F.

(3) Franchisee shall, at EOS's request, execute a written guarantee pursuant to which Franchisee shall remain liable for all obligations to EOS incurred before the date of the Transfer and for a period of 1 year following such Transfer.

D. Transfers for Convenience of Ownership. If Franchisee is an individual or a partnership and desires to Transfer this Agreement to a corporation (or limited liability company) formed for the convenience of ownership, the requirements of Section 19.B. shall apply to such a Transfer; however, Franchisee will not be required to pay a Transfer fee. EOS's approval also will be conditioned on the following: (1) the corporation (or limited liability company) must be newly organized; (2) prior to the Transfer, EOS must receive a copy of the documents specified in Section 17.B. and the transferee shall comply with the remaining provisions of Section 17; and (3) Franchisee must own all voting securities of the corporation (or membership interests of the limited liability company) or, if Franchisee is owned by more than one individual, each person shall have the same proportionate ownership interest in the corporation (or the limited liability company) as prior to the Transfer.

E. Issuance or Exercise of Stock Options. Notwithstanding the provisions of Section 19.B., the issuance of options or the exercise of options pursuant to a qualified stock option plan or a qualified employee stock ownership plan shall not be considered a Transfer and shall not require the prior written approval of EOS; provided no more than a total of 49% of Franchisee's outstanding voting securities are subject to the qualified stock option plan or qualified employee stock ownership plan.

F. Changes in Ownership of Voting Securities. If Franchisee was a publicly-held entity as of the date of the first franchise-related agreement between Franchisee and EOS or its affiliates, Section 19.B. shall be applicable to transfers of ownership interests in Franchisee only if the proposed Transfer would result in either: (1) 50% or more of Franchisee's voting securities being held by different shareholders than as of the date of the first franchise-related agreement between Franchisee and EOS or its affiliates; or (2) any change in ownership of Franchisee's voting securities whereby any existing shareholder of Franchisee acquires an additional 10% or more of Franchisee's voting securities; or (3) any change in the membership of the Continuity Group (unless such change is a permitted Transfer pursuant to Section 19.G.).

G. Transfers Permitted Without EOS's Prior Written Approval. Notwithstanding the provisions of Section 19.B., EOS agrees that certain Transfers shall be permitted without EOS's prior written approval, provided all of the following conditions are satisfied:

(1) The Transfer is a transfer of:

(a) A minority percentage of ownership interests in Franchisee and after the Transfer, the Continuity Group owns at least 51% of Franchisee's voting securities, if Franchisee is a corporation; the Continuity Group owns at least 51% of the membership interests in Franchisee, if Franchisee is a limited liability company; or the Continuity Group owns at least a 51% interest in the operating profits and losses of a partnership Franchisee as well as at least a 51% ownership interest in a partnership Franchisee.

(b) Ownership interests in Franchisee following the death or permanent disability of a person with an ownership interest in Franchisee, provided that the Transfer is to the parent, adult sibling, spouse or adult children of that person or to a member of the Continuity Group. Such Transfer shall be completed within a reasonable time, not to exceed 6 months from the date of death or permanent disability. Failure to complete the Transfer within this period of time will constitute a breach of this Agreement. A person shall be deemed to have a "permanent disability" if his personal, active participation in the development and operation of the Franchised Restaurant is for any reason curtailed for a continuous period of 6 months.

(2) Franchisee provides EOS written notice of its intent to undertake the Transfer at least 30 days prior to the effective date of the Transfer, together with documents demonstrating that the Transfer meets the requirements of this Section.

(3) At the time of Franchisee's notice to EOS, Franchisee shall not be in default of this Agreement or any other agreements between Franchisee and EOS or its affiliates.

H. Grant of Security Interest. Franchisee shall not grant any security interest in its business, the Franchised Restaurant, the Franchised Location or the assets used in the operation or development of the Franchised Restaurant without EOS's prior written approval, which will not be unreasonably withheld. EOS's approval may be conditioned on the written agreement by the secured party that, in the event of a default by Franchisee under any agreement related to the security interest, EOS shall have the right and option (but not the obligation) to purchase the rights of the secured party upon payment of all sums then due to the secured party.

I. Offerings by Franchisee. Securities or partnership interests in Franchisee may be sold, by private or public offering, only with EOS's prior written consent (whether or not EOS's consent is required under any other provision of this Section), which consent shall not be unreasonably withheld. In addition to the requirements of Section 19.B., prior to the time that any public offering or private placement of securities or partnership interests in Franchisee is made available to potential investors, Franchisee, at its expense, shall deliver to EOS a copy of the offering documents. Franchisee, at its expense, also shall deliver to EOS an opinion of Franchisee's legal counsel and an opinion of one other legal counsel selected by EOS (both of which shall be addressed to EOS and in a form acceptable to EOS) that the offering documents properly use the Proprietary Marks and accurately describe Franchisee's relationship with EOS and/or its affiliates. The indemnification provisions of Section 26 shall also include any losses or expenses incurred by EOS and/or its affiliates in connection with any statements made by or on behalf of Franchisee in any public offering or private placement of Franchisee's securities.

J. EOS's Right of First Refusal.

(1) If any party holding any interest in Franchisee or in this Agreement receives a bona fide offer (as determined by EOS in its reasonable discretion) from a third party or otherwise desires to undertake any Transfer that would require EOS's approval (other than a Transfer for convenience of ownership pursuant to Section 19.D. or a sale of ownership interests in Franchisee to a spouse, parent, adult child or adult sibling), it shall notify EOS in writing of the terms of the proposed Transfer, and shall provide such information and documentation relating to the proposed Transfer as EOS may reasonably require. EOS or its designee may elect to purchase the interest that the seller proposes to Transfer any time within 30 days after receipt of written notification, and all documents and other information required by Section 19.B., by sending written notice to the seller that EOS or its designee intends to purchase the seller's interest on the same financial terms and conditions offered by the third party (except that EOS or its designee shall not be obligated to pay any finder's or broker's fees). In purchasing the interest, EOS or its designee shall be entitled to set off any monies owed to EOS or its affiliates by Franchisee and EOS or its designee shall be entitled to all customary representations and warranties that the assets are free and clear (or, if not, accurate and complete disclosure) as to: **(a)** ownership, condition and title; **(b)** liens and encumbrances; **(c)** environmental and hazardous substances; and **(d)** validity of contracts inuring to the purchaser or affecting the assets, whether contingent or otherwise.

(2) If the offer to Franchisee involves assets in addition to this Agreement, the Franchised Location, the Franchised Restaurant and other restaurants operated by Franchisee that are franchised by EOS or its affiliates, Franchisee's notice to EOS shall state the cash value of that portion of the offer received by Franchisee relating to this Agreement, the Franchised Location, the Franchised Restaurant and those other restaurants. If the proposed Transfer provides for payment of consideration other than cash or it involves intangible benefits, EOS or its designee may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties are unable to agree within 30 days on the reasonable equivalent in cash of the non-cash part of the offer received by Franchisee or the cash value of that portion of the offer received by Franchisee relating to this Agreement, the Franchised Location, the Franchised Restaurant and those other restaurants, the amount shall be determined by two professionally certified appraisers, Franchisee selecting one and EOS or its designee selecting one. If the amounts set by the two appraisers differ by more than 10%, the two appraisers shall select a third professionally certified appraiser who also shall determine the amount. The average value set by the appraisers (whether two or three appraisers as the case may be) shall be conclusive and EOS or its designee may exercise its right of first refusal within 30 days after being advised in writing of the decision of the appraisers. The cost of the appraisers shall be shared equally by the parties.

(3) EOS's failure to exercise its right of first refusal shall not constitute approval of the proposed Transfer nor a waiver of any other provision of this Section 19 with respect to a proposed Transfer. If EOS does not exercise its right of first refusal, Franchisee may not thereafter Transfer the interest at a lower price or on more favorable terms than those that have been offered to EOS. EOS shall again be given a right of first refusal if a transaction does not close within 6 months after EOS elected not to exercise its right of first refusal. In no event shall Franchisee offer the interest for sale or transfer at public auction, nor at any time shall an offer be made to the public to sell, transfer or assign, through any advertisement, either in the newspapers or otherwise, without first having obtained the written approval of EOS to the auction or advertisement.

K. No Waiver. EOS's consent to any Transfer shall not constitute a waiver of any claims EOS may have against the transferring party, nor shall it be deemed a waiver of EOS's right to demand exact compliance with any of the terms of this Agreement by the transferee, nor will it be deemed a waiver of EOS's right to give or withhold approval to future Transfers.

20. GENERAL RELEASE

Franchisee (on behalf of itself and its parent, subsidiaries and affiliates and their respective past and present members, officers, directors, shareholders, agents and employees, in their corporate and individual capacities), all individuals who execute this Agreement and all guarantors of Franchisee's obligations under this Agreement (collectively "Releasers"), freely and without any influence, forever release and covenant not to sue EOS, its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively "Releasees"), from any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively "claims"), that any Releaser now owns or holds, or may at any time have owned or held, up to and including the date of this Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, claims for contribution, indemnity and/or subrogation, and claims arising out of, or relating to this Agreement and all other agreements between any Releaser and any Releasee, the sale of a franchise to any Releaser, the development and operation of the Franchised Restaurant and the development and operation of all other restaurants operated by any Releaser that are franchised by any Releasee. Notwithstanding any provision to the contrary in this Section 20, this General Release does not release any claims arising from representations made in EOS's Franchise Disclosure Document or its exhibits or otherwise impair or affect any claims arising after the date of this Agreement.

21. COVENANTS

A. Best Efforts. During the term of this Agreement, Franchisee and the Operating Principal shall devote their best efforts to the development, management and operation of the Franchised Restaurant.

B. Confidentiality

(1) Franchisee acknowledges and agrees that: **(a)** EOS owns all right, title and interest in and to the System; **(b)** the System consists of trade secrets and confidential and proprietary information and know-how that gives EOS and its affiliates a competitive advantage; **(c)** EOS and its affiliates have taken all measures necessary to protect the trade secrets and the confidentiality of the proprietary information and know-how comprising the System; **(d)** all material or other information now or hereafter provided or disclosed to Franchisee regarding the System is disclosed in confidence; **(e)** Franchisee has no right to disclose any part of the System to anyone who is not an employee of Franchisee; **(f)** Franchisee will disclose to its employees only those parts of the System that an employee needs to know; **(g)** Franchisee will have a system in place to ensure its employees keep confidential EOS's trade secrets and confidential and proprietary information, and, if requested by EOS, Franchisee shall obtain from those of its employees designated by EOS an executed Confidential Disclosure Agreement in the form prescribed by EOS; **(h)** Franchisee will not acquire any interest in the System; and **(i)** Franchisee's use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which EOS would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

(2) Franchisee shall not, during the term of this Agreement or at any time thereafter, communicate or disclose any trade secrets or confidential or proprietary information or know-how of the System to any unauthorized person, or do or perform, directly or indirectly, any other acts injurious or prejudicial to any of the Proprietary Marks or the System. Any and all information, knowledge, know-how and techniques, including all drawings, materials, equipment, specifications, recipes, techniques and other data that EOS or its affiliates designate as confidential, shall be deemed confidential for purposes of this Agreement.

C. Restrictions

(1) Franchisee acknowledges and agrees that: **(a)** pursuant to this Agreement, Franchisee will have access to valuable trade secrets, specialized training and confidential information from EOS and its affiliates regarding the development, operation, purchasing, sales and marketing methods and techniques of EOS and its affiliates and the System; **(b)** the System and the opportunities, associations and experience established and acquired by Franchisee under this Agreement are of substantial and material value; **(c)** in developing the System, EOS and its affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; **(d)** EOS would be unable to adequately protect the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Earl of Sandwich Restaurants if franchisees or developers were permitted to hold interests in competitive businesses; and **(e)** restrictions on Franchisee's right to hold interests in, or perform services for, competitive businesses will not hinder its activities.

(2) Accordingly, Franchisee covenants and agrees that during the term of this Agreement, and for a continuous period of 1 year following its expiration or earlier termination, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, or other entity:

(a) Divert or attempt to divert any business or customer, or potential business or customer, of any restaurant franchised or operated by EOS or its affiliates to any competitor, by direct or indirect inducement or otherwise.

(b) Own, maintain, operate, engage in, advise, help, make loans to, or have any interest in, either directly or indirectly, any restaurant business: **(i)** that has sandwiches as a primary menu item (i.e., sales of all sandwiches comprise at least 10% of sales) or that offers any individual menu item that comprises at least 10% of sales at Earl of Sandwich Restaurants; or **(ii)** whose method of operation or trade dress is similar to that employed in the System.

(3) During the term of this Agreement, there is no geographical limitation on this restriction. Following the expiration or earlier termination of the term of this Agreement, this restriction shall apply within the Protected Area and within 2 miles of any then-existing Earl of Sandwich Restaurant, except as otherwise approved in writing by EOS. This restriction shall not apply to Franchisee's existing restaurant or foodservice operations, if any, which are identified in the attached Data Sheet, nor shall it apply to other restaurants operated by Franchisee that are franchised by EOS or its affiliates.

(4) If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the 1-year period following expiration or earlier termination of this Agreement, Franchisee fails to comply with its obligations under this Section, that period of noncompliance will not be credited toward Franchisee's satisfaction of the 1-year obligation.

(5) Franchisee further covenants and agrees that, for a period of 1 year following the expiration or earlier termination of this Agreement, Franchisee will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease or transfer the Franchised Location to any person, firm, partnership, corporation, or other entity which Franchisee knows, or has reason to know, intends to operate a restaurant business at the Franchised Location that would violate Sections 21.C.(2)(c) or 21.C.(3). Franchisee, by the terms of any conveyance selling, assigning, leasing or transferring its interest in the Franchised Location, shall

include these restrictive covenants as are necessary to ensure that a restaurant business that would violate Sections 21.C.(2)(c) or 21.C.(3) is not operated at the Franchised Location for this 1 year period, and Franchisee shall take all steps necessary to ensure that these restrictive covenants become a matter of public record.

D. Additional Remedies for Breach. In addition to any other remedies or damages permitted under this Agreement, if Franchisee breaches Sections 21.C.(2)(c), 21.C.(3) or 21.C.(5) (“Covenants Against Competition”) during the 1-year period following the expiration or earlier termination of this Agreement, for each restaurant business that violates those Sections, Franchisee shall pay to EOS: **(1)** a fee equal to EOS’s then-current Initial Fees (including any Application Fees and Initial Franchise Fees) for franchised Earl of Sandwich Restaurants; and **(2)** 8% of the gross sales of that restaurant business until the expiration of the 1-year period following the expiration or earlier termination of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of EOS’s damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section 21.D. is reasonable. Franchisee’s payment to EOS under this Section shall be in addition to any attorney’s fees and other costs and expenses to which EOS is entitled pursuant to Sections 7.I. or 31.E. Franchisee acknowledges that breach of the Covenants Against Competition by Franchisee shall cause irreparable harm to EOS in addition to monetary damages and nothing in this Section 21.D. shall preclude EOS from obtaining appropriate injunctive relief to enforce the Covenants Against Competition and specific performance to enforce this Section 21.D.

E. Modification. EOS shall have the right, in its sole discretion, to reduce the scope of any covenant in this Section 21 effective immediately upon Franchisee’s receipt of written notice, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 29.

F. Execution of Covenants by Third Parties. At EOS’s request, Franchisee shall require and obtain the execution of covenants similar to those set forth in this Section 21 (including covenants applicable upon the termination of an individual’s relationship with Franchisee) from all guarantors of Franchisee’s obligations. Every covenant required by this Section 21.F. shall be in a form satisfactory to EOS, including, without limitation, specific identification of EOS as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Franchisee to obtain execution of a covenant required by this Section 21.F. shall constitute a material breach of this Agreement.

G. Applicability. The restrictions contained in this Section 21 shall apply to Franchisee and all guarantors of Franchisee’s obligations. With respect to guarantors, these restrictions shall apply for a 1 year period after any guarantor ceases to be the Operating Principal or an officer, stockholder, director, member of the Continuity Group or a 10% Owner. The restrictions contained in this Section 21 shall not apply to ownership of less than a 5% legal or beneficial ownership in the outstanding equity securities of any publicly held corporation by Franchisee or any guarantor of Franchisee’s obligations. The existence of any claim Franchisee or any guarantor of Franchisee’s obligations may have against EOS or its affiliates, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by EOS of the covenants in this Section 21. The preceding sentence, however, does not constitute a waiver of any such claim.

22. TERMINATION

A. Termination Without Cure Period. In addition to the grounds for termination that may be stated elsewhere in this Agreement, EOS may terminate this Agreement, and the rights granted by this Agreement, upon written notice to Franchisee without an opportunity to cure upon the occurrence of any of the following events:

- (1) Franchisee fails to obtain site approval before the Site Approval Deadline.
- (2) Franchisee fails to begin construction or renovation of the Franchised Restaurant on or before the Construction Commencement Deadline.
- (3) Franchisee fails to open the Franchised Restaurant for business on or before the Opening Deadline. EOS may, in its sole discretion, extend this period to address unforeseen construction delays that are not within Franchisee's control.
- (4) Franchisee ceases to continuously operate the Franchised Restaurant for a period in excess of 5 consecutive days, unless the closing is due to an act of God, fire or other natural disaster or is approved in writing in advance by EOS.
- (5) Franchisee is insolvent or is unable to pay its creditors (including EOS); files a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization; there is filed against Franchisee a petition in bankruptcy, an arrangement for the benefit of creditors or petition for reorganization, which is not dismissed within 60 days of the filing; Franchisee makes an assignment for the benefit of creditors; or a receiver or trustee is appointed for Franchisee and not dismissed within 60 days of the appointment.
- (6) Execution is levied against Franchisee's business or property; suit to foreclose any lien or mortgage against the premises or equipment of the Franchised Restaurant is instituted against Franchisee and is not dismissed within 60 days; or the real or personal property of the Franchised Restaurant shall be sold after levy thereupon by any sheriff, marshal or constable.
- (7) There is a material breach by Franchisee of any obligation under Section 21.
- (8) Any Transfer that requires EOS's prior written approval occurs without Franchisee having obtained that prior written approval.
- (9) EOS discovers that Franchisee made a material misrepresentation or omitted a material fact in the information that was furnished to EOS in connection with its decision to enter into this Agreement.
- (10) Franchisee knowingly falsifies any report required to be furnished EOS or makes any material misrepresentation in its dealings with EOS or fails to disclose any material facts to EOS.
- (11) EOS makes a reasonable determination that continued operation of the Franchised Restaurant by Franchisee will result in an imminent danger to public health or safety.
- (12) Franchisee loses possession of the Franchised Location through its own fault or its failure to extend the lease for the Franchised Location through the Initial Term of this Agreement.
- (13) Franchisee, the Operating Principal, any stockholder, member, partner, director or officer of Franchisee, any member of the Continuity Group or any 10% Owner is convicted of, or pleads no contest to, a felony charge, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of EOS, to adversely affect EOS, its affiliates or the System.
- (14) There is a material breach by Franchisee of any representation or warranty set forth in Section 33.J.-K.

(15) Franchisee fails or refuses to have its employees attend the training programs described in Section 12.

(16) Franchisee fails to achieve a passing score on a second inspection as described in Section 14.G.(4).

(17) Franchisee, the Operating Principal, any member of the Continuity Group or any 10% Owner: (a) remains in default beyond the applicable cure period under any other agreement with EOS or its affiliates (provided that, if the default is not by Franchisee, EOS shall provide to Franchisee written notice of the default and a 30-day period to cure the default); (b) remains in default beyond the applicable cure period under any real estate lease, equipment lease, or financing instrument relating to the Franchised Restaurant; (c) remains in default beyond the applicable cure period under any contract with any vendor or supplier to the Franchised Restaurant; or (d) fails to pay when due any taxes or assessments relating to the Franchised Restaurant or its employees, unless Franchisee is actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization.

B. Termination Following Expiration of Cure Period.

(1) Except for those items listed in preceding Section 22.A., Franchisee shall have 30 days after written notice of default from EOS within which to remedy the default and provide evidence of that remedy to EOS. If any such default is not cured within that time, this Agreement shall terminate without further notice to Franchisee effective immediately upon expiration of that time, unless EOS notifies Franchisee otherwise in writing. Notwithstanding the foregoing, if the default cannot be corrected within 30 days, Franchisee shall have such additional time to correct the default as reasonably required (not to exceed 90 days) provided that Franchisee begins taking the actions necessary to correct the default during the 30 day cure period and diligently and in good faith pursues those actions to completion. Franchisee will be in default under this Section 22.B.(1) for any failure to materially comply with any of the requirements imposed by this Agreement, the Manual or otherwise in writing, or to carry out the terms of this Agreement in good faith.

(2) Notwithstanding the provisions of preceding Section 22.B.(1), if Franchisee defaults in the payment of any monies owed to EOS when such monies become due and payable and Franchisee fails to pay such monies within 10 days after receiving written notice of default, then this Agreement will terminate effective immediately upon expiration of that time, unless EOS notifies Franchisee otherwise in writing.

(3) If Franchisee has received 2 or more notices of default within the previous 12 months, EOS shall be entitled to send Franchisee a notice of termination upon Franchisee's next default within that 12 month period under this Section 22.B. without providing Franchisee an opportunity to remedy the default.

(4) In addition to the other provisions of this Section 22.B, if EOS reasonably determines that Franchisee becomes or will become unable to meet its obligations to EOS or its affiliates under this Agreement, EOS may provide Franchisee written notice to that effect and demand that Franchisee provide those assurances reasonably designated by EOS, which may include security or letters of credit for the payment of Franchisee's obligations to EOS and its affiliates. If Franchisee fails to provide the assurances demanded by EOS within 30 days after its receipt of written notice from EOS, this Agreement shall terminate without further notice to Franchisee effective immediately upon expiration of that time, unless EOS notifies Franchisee otherwise in writing.

C. Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

23. OBLIGATIONS ON TERMINATION OR EXPIRATION

A. Franchisee's Obligations. Upon termination or expiration of this Agreement:

(1) The limited exclusive rights granted to Franchisee in the Protected Area immediately shall terminate, and EOS shall have the right to operate, or license others to operate, Earl of Sandwich Restaurants anywhere in the Protected Area.

(2) Franchisee immediately shall pay EOS and its affiliates all sums due and owing EOS or its affiliates pursuant to this Agreement.

(3) Franchisee promptly shall return to EOS the Manual, any copies of the Manual and all other materials and information furnished by EOS, and Franchisee promptly shall return to EOS, in good condition and repair excepting normal wear and tear, all computer software, disks, tapes and other magnetic storage media.

(4) Franchisee and all persons and entities subject to the covenants contained in Section 21 shall continue to abide by those covenants and shall not, directly or indirectly, take any action that violates those covenants.

(5) Franchisee immediately shall discontinue all use of the Proprietary Marks and EOS's trade secrets in connection with the Franchised Restaurant and of any and all items bearing the Proprietary Marks; remove the Proprietary Marks from the Franchised Restaurant and from clothing, signs, materials, motor vehicles and other items owned or used by Franchisee in the operation of the Franchised Restaurant; cease to use, in any manner whatsoever, any Websites or other Electronic Identifiers associated with the Proprietary Marks or the System; cancel all advertising for the Franchised Restaurant that contains the Proprietary Marks (including telephone directory listings); and take such action as may be necessary to cancel any filings or registrations for the Franchised Restaurant that contain any Proprietary Marks.

(6) Franchisee promptly shall make such alterations and modifications to the Franchised Location as may be necessary to clearly distinguish to the public the Franchised Location from its former appearance and also make those specific additional changes as EOS may request for that purpose. If Franchisee fails to promptly make these alterations and modifications, EOS shall have the right (at Franchisee's expense, to be paid upon Franchisee's receipt of an invoice from EOS) to do so without being guilty of trespass or other tort.

(7) If Franchisee has used the Proprietary Marks, in whole or in part, in connection with the Internet, any Website or any Electronic Identifier, whether or not authorized by EOS, then Franchisee shall, at EOS's option, cancel or assign to EOS, or EOS's designee, all of Franchisee's rights, title and interest in any Websites, Electronic Identifiers or registrations that contain or previously contained the Proprietary Marks, or any of them, in whole or in part, and Franchisee shall notify Verisign (Network Solutions), register.com, or other applicable domain name registrar and all listing agencies, upon the termination or expiration of this Agreement, of the termination of Franchisee's right to use any Electronic Identifier associated with the System, the Proprietary Marks or the Franchised Restaurant, and authorize and instruct their cancellation or transfer to EOS, as directed by EOS. Franchisee is not entitled to any compensation from EOS if EOS exercises these rights or options. For the avoidance of doubt, nothing in

this Section 23.A.(7) shall be deemed to permit Franchisee to use the Proprietary Marks, or any of them in whole or in part, in connection with the Internet or any Electronic Identifier, except with EOS's prior written consent as provided in this Agreement.

B. Evidence of Compliance. Franchisee shall furnish EOS, within 30 days after the effective date of termination or expiration, evidence (certified to be true, complete, accurate and correct by the chief executive officer of Franchisee, if Franchisee is a corporation; by a manager of Franchisee, if Franchisee is a limited liability company; or by a general partner of Franchisee, if Franchisee is a partnership) satisfactory to EOS of Franchisee's compliance with Sections 23.A. through 23.F.

C. Franchisee Prohibited from Engaging in Certain Conduct. Franchisee shall not, except with respect to a restaurant franchised by EOS or its affiliates which is then open and operating pursuant to an effective franchise agreement: **(1)** operate or do business under any name or in any manner that might tend to give the public the impression that Franchisee is connected in any way with EOS or its affiliates or has any right to use the System or the Proprietary Marks; **(2)** make, use or avail itself of any of the materials or information furnished or disclosed by EOS or its affiliates under this Agreement or disclose or reveal any such materials or information or any portion thereof to anyone else; or **(3)** assist anyone not licensed by EOS or its affiliates to construct or equip a foodservice outlet substantially similar to an Earl of Sandwich Restaurant.

D. Early Termination Damages. If Franchisee default on its obligations and Franchisor terminates this Agreement prior to the expiration of the Initial Term of this Agreement, it is hereby agreed by the parties that the amount of damages which Franchisor would incur for any such termination of this Agreement would be difficult, if not impossible, to accurately ascertain. Accordingly, within 30 days following such termination, Franchisee and its owners shall pay to Franchisor an amount equal to the average weekly Royalty Fees that Franchisee owed during the one year period prior to termination (or, if the Franchised Restaurant was open for less than one year, the average Royalty Fees owed by Franchisee for the number of weeks that the Franchised Restaurant was in operation) multiplied by the lesser of 104 weeks or the number of weeks (including any partial week) remaining in the Initial Term of this Agreement. These early termination damages shall constitute liquidated damages, are not to be construed as a penalty, and shall be the joint and several liability of Franchisee and its owners. The parties acknowledge and agree that: **(1)** the early termination damages are a reasonable estimation of the damages that would be incurred by Franchisor resulting from or arising out of the premature termination of this Agreement; and **(2)** Franchisee's payment of such early termination damages is intended to fully compensate Franchisor only for any and all damages related to or arising out of the premature termination of this Agreement, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of Franchisor's claim for other damages and/or equitable relief arising out of Franchisee's breach of this Agreement.

24. OPTION TO PURCHASE

A. Scope. Upon the expiration or termination of this Agreement for any reason, EOS shall give written notice to Franchisee, within 30 days after the effective date of termination or expiration, if EOS intends to exercise its option to purchase from Franchisee some or all of the assets used in the Franchised Restaurant ("Assets"). As used in this Section 24, "Assets" shall mean and include, without limitation, leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and inventory (non-perishable products, materials and supplies) used in the Franchised Restaurant, the real estate fee simple or the lease or sublease for the Franchised Location, and any liquor licenses and any other licenses necessary to operate the Franchised Restaurant. EOS shall have the unrestricted right to assign this option to purchase the Assets. EOS or its assignee shall be entitled to all customary representations and warranties that the Assets are free and clear (or, if not, accurate and complete disclosure) as to: **(1)** ownership, condition and

title; (2) liens and encumbrances; (3) environmental and hazardous substances; and (4) validity of contracts and liabilities inuring to EOS or affecting the Assets, whether contingent or otherwise.

B. Purchase Price. The purchase price for the Assets (“Purchase Price”) shall be their fair market value, (or, for leased assets, the fair market value of Franchisee’s lease) determined as of the effective date of purchase in a manner that accounts for reasonable depreciation and condition of the Assets; provided, however, that the Purchase Price shall take into account the termination of this Agreement. Further, the Purchase Price for the Assets shall not contain any factor or increment for any trademark, service mark or other commercial symbol used in connection with the operation of the Franchised Restaurant nor any goodwill or “going concern” value for the Franchised Restaurant. EOS may exclude from the Assets purchased in accordance with this Section any equipment, vehicles, furnishings, fixtures, signs, and inventory that are not approved as meeting then-current standards for an Earl of Sandwich Restaurant or for which Franchisee cannot deliver a Bill of Sale in a form satisfactory to EOS.

C. Certified Appraisers. If EOS and Franchisee are unable to agree on the fair market value of the Assets within 30 days after Franchisee’s receipt of EOS’s notice of its intent to exercise its option to purchase the Assets, the fair market value shall be determined by two professionally certified appraisers, Franchisee selecting one and EOS selecting one. If the valuations set by the two appraisers differ by more than 10%, the two appraisers shall select a third professionally certified appraiser who also shall appraise the fair market value of the Assets. The average value set by the appraisers (whether two or three appraisers as the case may be) shall be conclusive and shall be the Purchase Price.

D. Access to Franchised Restaurant. The appraisers shall be given full access to the Franchised Restaurant, the Franchised Location and Franchisee’s books and records during customary business hours to conduct the appraisal and shall value the leasehold improvements, equipment, furnishings, fixtures, signs and inventory in accordance with the standards of this Section 24. The appraisers’ fees and costs shall be borne equally by EOS and Franchisee.

E. Exercise of Option. Within 10 days after the Purchase Price has been determined, EOS may exercise its option to purchase the Assets by so notifying Franchisee in writing (“EOS’s Purchase Notice”). The Purchase Price shall be paid in cash or cash equivalents at the closing of the purchase (“Closing”), which shall take place no later than 60 days after the date of EOS’s Purchase Notice. From the date of EOS’s Purchase Notice until Closing:

(1) Franchisee shall operate the Franchised Restaurant and maintain the Assets in the usual and ordinary course of business and maintain in full force all insurance policies required under this Agreement; and

(2) EOS shall have the right to appoint a manager, at EOS’s expense, to control the day-to-day operations of the Franchised Restaurant, and Franchisee shall cooperate, and instruct its employees to cooperate, with the manager appointed by EOS. Alternatively, EOS may require Franchisee to close the Franchised Restaurant during such time period without removing any Assets from the Franchised Restaurant.

F. Due Diligence Period. For a period of 30 days after the date of EOS’s Purchase Notice (“Due Diligence Period”), EOS shall have the right to conduct such investigations as it deems necessary and appropriate to determine: (1) the ownership, condition and title of the Assets; (2) liens and encumbrances on the Assets; (3) environmental and hazardous substances at or upon the Franchised Location; and (4) the validity of contracts and liabilities inuring to EOS or affecting the Assets, whether contingent or otherwise. Franchisee will afford EOS and its representatives access to the Franchised Restaurant and the Franchised Location at all reasonable times for the purpose of conducting inspections

of the Assets; provided that such access does not unreasonably interfere with Franchisee's operations of the Franchised Restaurant.

G. EOS's Rights During Due Diligence Period. During the Due Diligence Period, at its sole option and expense, EOS may (1) cause the title to the Assets that consist of real estate interests ("Real Estate Assets") to be examined by a nationally recognized title company and conduct lien searches as to the other Assets; (2) procure "AS BUILT" surveys of the Real Estate Assets; (3) procure environmental assessments and testing with respect to the Real Estate Assets; and/or (4) inspect the Assets that consist of leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and inventory ("Fixed Assets") to determine if the Fixed Assets are in satisfactory working condition. Prior to the end of the Due Diligence Period, EOS shall notify Franchisee in writing of any objections that EOS has to any finding disclosed in any title to lien search, survey, environmental assessment or inspection. If Franchisee cannot or elects not to correct any such title defect, environmental objection or defect in the working condition of the Fixed Assets, EOS will have the option to either accept the condition of the Assets as they exist or rescind its option to purchase on or before the Closing.

H. Compliance with Law. Prior to the Closing, Franchisee and EOS shall comply with all applicable legal requirements, including the bulk sales provisions of the Uniform Commercial Code of the state in which the Franchised Restaurant is located and the bulk sales provisions of any applicable tax laws and regulations. Franchisee shall, prior to or simultaneously with the Closing, pay all tax liabilities incurred in connection with the operation of the Franchised Restaurant prior to Closing. EOS shall have the right to set off against and reduce the Purchase Price by any and all amounts owed by Franchisee to EOS, and the amount of any encumbrances or liens against the Assets or any obligations assumed by EOS.

I. Franchised Location Leased. If the Franchised Location is leased, EOS agrees to use reasonable efforts to effect a termination of the existing lease for the Franchised Location. If the lease for the Franchised Location is assigned to EOS or EOS subleases the Franchised Location from Franchisee, EOS will indemnify and hold Franchisee harmless from any ongoing liability under the lease from the date EOS assumes possession of the Franchised Location, and Franchisee will indemnify and hold EOS harmless from any liability under the lease prior to and including that date.

J. Franchised Location Owned by Franchisee. If Franchisee owns the Franchised Location, EOS, at its option, will either purchase the fee simple interest or, upon purchase of the other Assets, enter into a standard lease with Franchisee on terms comparable to those for which similar commercial properties in the area are then being leased. The initial term of this lease with Franchisee shall be at least 10 years with 2 options to renew of 5 years each, and the rent shall be the fair market rental value of the Franchised Location. If Franchisee and EOS cannot agree on the fair market rental value of the Franchised Location, then appraisers (selected in the manner described in Section 24.C.) shall determine the rental value.

K. Franchisee's Obligations at Closing. At the Closing, Franchisee shall deliver instruments transferring to EOS or its assignee: (1) good and merchantable title to the Assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to EOS or its assignee), with all sales and other transfer taxes paid by Franchisee; (2) all liquor licenses and licenses and permits for the Franchised Restaurant that may be assigned or transferred, with appropriate consents, if required; and (3) the lease or sublease for the Franchised Location, with appropriate consents, if required. If Franchisee cannot deliver clear title to all of the purchased Assets as indicated in this Section, or if there are other unresolved issues, the Closing shall be accomplished through an escrow.

25. RELATIONSHIP OF THE PARTIES

A. This Agreement does not create a fiduciary or other special relationship between the parties. No agency, employment, or partnership is created or implied by the terms of this Agreement, and each party is not and shall not hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, joint employer, or employee of the other for any purpose whatsoever. Neither this Agreement nor EOS's course of conduct is intended, nor may anything in this Agreement (nor EOS's course of conduct) be construed to state or imply that EOS is the employer of Franchisee's employees and/or independent contractors, nor vice versa. Franchisee shall have no right or power to, and shall not, bind or obligate EOS or its affiliates in any way or manner, nor represent that Franchisee has any right to do so.

B. Franchisee is an independent contractor and is solely responsible for all aspects of the development and operation of the Franchised Restaurant, subject only to the conditions and covenants established by this Agreement. Without limiting the generality of the foregoing, Franchisee acknowledges that EOS has no responsibility to ensure that the Franchised Restaurant is developed and operated in compliance with all applicable laws, ordinances and regulations and that EOS shall have no liability in the event the development or operation of the Franchised Restaurant violates any law, ordinance or regulation.

C. The sole relationship between Franchisee and EOS is a commercial, arms' length business relationship, and, except as provided in Section 26, there are no third party beneficiaries to this Agreement. Franchisee's business is, and shall be kept, totally separate and apart from any that may be operated by EOS. In all public records, in relationships with other persons, and on letterheads and business forms, Franchisee shall indicate its independent ownership of the Franchised Restaurant and that Franchisee is solely a franchisee of EOS. Franchisee shall post a sign in a conspicuous location in the Franchised Restaurant which will contain Franchisee's name and state that the Franchised Restaurant is independently owned and operated by Franchisee under a franchise agreement with EOS. Franchisee shall not issue any press releases without the prior written approval of EOS.

26. INDEMNIFICATION

A. Franchisee and all guarantors of Franchisee's obligations under this Agreement shall, at all times, indemnify, defend (with counsel reasonably acceptable to EOS), and hold harmless (to the fullest extent permitted by law) EOS and its affiliates, and their respective successors, assigns, past and present stockholders, directors, officers, employees, agents and representatives (collectively "Indemnitees") from and against all "losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal), judgment or appeal thereof by or against Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), arising out of or resulting from or connected with Franchisee's (or its employees') operation of the Franchised Restaurant and Franchisee's (or its employees') activities under this Agreement, excluding the gross negligence or willful misconduct of any Indemnatee. Franchisee promptly shall give EOS written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation filed or instituted against Franchisee and, upon request, shall furnish EOS with copies of any documents from such matters as EOS may request.

B. At Franchisee's expense and risk, EOS may elect to assume (but under no circumstances will EOS be obligated to undertake), the defense and/or settlement of any action, suit, proceeding, claim, demand, investigation, inquiry, judgment or appeal thereof subject to this indemnification. Such an undertaking shall, in no manner or form, diminish Franchisee's obligation to indemnify and hold harmless EOS and Indemnitees. EOS shall not be obligated to seek recoveries from third parties or otherwise mitigate losses.

C. As used in this Section, the phrase “losses and expenses” shall include, but not be limited to, all losses; compensatory, exemplary and punitive damages; fines; charges; costs; expenses; lost profits; reasonable attorneys’ fees; expert witness fees; court costs; settlement amounts; judgments; compensation for damages to EOS’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

27. CONSENTS, APPROVALS AND WAIVERS

A. Whenever this Agreement requires the prior approval or consent of EOS, Franchisee shall make a timely written request to EOS therefor, and any approval or consent received, in order to be effective and binding upon EOS, must be obtained in writing and be signed by an authorized officer of EOS.

B. EOS makes no warranties or guarantees upon which Franchisee may rely by providing any waiver, approval, consent or suggestion to Franchisee in connection with this Agreement, and assumes no liability or obligation to Franchisee therefor, or by reason of any neglect, delay, or denial of any request therefor. EOS shall not, by virtue of any approvals, advice or services provided to Franchisee, assume responsibility or liability to Franchisee or to any third parties to which EOS would not otherwise be subject.

C. No failure of EOS to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms of this Agreement, shall constitute a waiver of EOS’s right to demand exact compliance with any of the terms of this Agreement. A waiver by EOS of any particular default by Franchisee shall not affect or impair EOS’s rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of EOS to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants of this Agreement affect or impair EOS’s right to exercise the same, nor shall such constitute a waiver by EOS of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by EOS of any payments due to it hereunder shall not be deemed to be a waiver by EOS of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

28. NOTICES

No notice, demand, request or other communication to the parties shall be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and is addressed to each party at the notice address set forth in the attached Data Sheet. Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section. Notices shall be effective upon receipt (or first rejection) and may be: (1) delivered personally; (2) mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or (3) mailed via overnight courier. The Manual, any changes that EOS makes to the Manual, and/or any other written instructions that EOS provides relating to operational matters, are not considered to be “notices” for the purpose of the delivery requirements in this Section 28.

29. ENTIRE AGREEMENT

EOS and Franchisee acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement, the Manual, the documents referred to herein, and the attachments hereto, constitute the entire, full and complete agreement between the parties concerning Franchisee’s rights, and supersede

any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement, in the attachments to this Agreement and in EOS's Franchise Disclosure Document. Nothing in this Agreement or any related agreement is intended to disclaim the representations EOS made in EOS's Franchise Disclosure Document. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth herein, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing.

30. SEVERABILITY AND CONSTRUCTION

A. Severability. Each article, paragraph, subparagraph, term and condition of this Agreement, and any portions thereof, will be considered severable. If, for any reason, any portion of this Agreement is determined to be invalid, contrary to, or in conflict with, any applicable present or future law, rule or regulation in a final, unappealable ruling issued by any court, agency or tribunal with valid jurisdiction in a proceeding to which EOS is a party, that ruling will not impair the operation of, or have any other effect upon, any other portions of this Agreement; all of which will remain binding on the parties and continue to be given full force and effect.

B. No Third Party Beneficiaries. Except as otherwise provided in Section 26, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee and EOS and its affiliates and such of their heirs, successors and assigns, any rights or remedies under or by reason of this Agreement.

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

D. Interpretation. No provision of this Agreement shall be interpreted in favor of, or against, any party because of the party that drafted this Agreement.

31. GOVERNING LAW, FORUM AND LIMITATIONS

A. Choice of Law. This Agreement and any claim or controversy arising out of, or relating to, rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed in accordance with the laws of the State of Florida without regard to conflicts of laws principles. Nothing in this Section is intended, or shall be deemed, to make any Florida law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable.

B. Choice of Forum. The parties agree that, to the extent any disputes cannot be resolved directly between them, Franchisee shall file any suit against EOS only in the federal or state court having jurisdiction where EOS's principal offices are located at the time suit is filed. EOS may file suit in the federal or state court located in the jurisdiction where its principal offices are located at the time suit is filed or in the jurisdiction where Franchisee resides or does business or where the Franchised Restaurant is or

was located or where the claim arose. Franchisee consents to the personal jurisdiction of those courts over Franchisee and to venue in those courts.

C. Limitation of Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or proceeding (including the offer and sale of a franchise to Franchisee) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of 2 years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, whenever discovered.

D. WAIVER OF CERTAIN DAMAGES AND RIGHTS. FRANCHISEE AND EOS WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST EACH OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT. FRANCHISEE AND EOS WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS AND THE RIGHT TO TRIAL BY JURY.

E. Reimbursement of Costs and Expenses. If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding shall be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred during, prior to, in preparation for, or in contemplation of the filing of, the proceeding. If EOS utilizes legal counsel (including in-house counsel employed by EOS) in connection with any failure by Franchisee to comply with this Agreement, Franchisee shall reimburse EOS for any of the above-listed costs and expenses incurred by EOS. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

F. Rights and Remedies Cumulative. No right or remedy conferred upon or reserved to EOS or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section 31 shall survive the expiration or earlier termination of this Agreement.

32. MISCELLANEOUS

A. Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.

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

C. Counterparts. This Agreement may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Agreement.

D. Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted shall be the day or month of the designated action, event or notice. Days shall be measured by calendar

days, except that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically shall be extended to the next day that is not a Saturday, Sunday or national holiday.

E. Injunctive Relief. Franchisee recognizes that its failure to comply with the terms of this Agreement, including, but not limited to, the failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to EOS, its affiliates and the System. Therefore, Franchisee agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisee, EOS shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by EOS shall be in addition to, and not in lieu of, all remedies and rights that EOS otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

F. Control During Crisis Situation.

(1) If an event occurs at the Franchised Restaurant that has or reasonably may cause harm or injury to customers, guests or employees (*i.e.*, food spoilage/poisoning, food tampering/sabotage, slip and fall injuries, natural disasters, robberies, shootings, etc.) or may damage the Proprietary Marks, the System or the reputation of EOS (collectively “Crisis Situation”), Franchisee shall: **(a)** immediately contact appropriate emergency care providers to assist it in curing the harm or injury; and **(b)** immediately inform EOS by telephone of the Crisis Situation. Franchisee shall refrain from making any internal or external announcements (*i.e.*, no communication with the news media) regarding the Crisis Situation (unless otherwise directed by EOS or public health officials).

(2) To the extent EOS deems appropriate, in its sole and absolute discretion, EOS or its designee may control the manner in which the Crisis Situation is handled by the parties, including, without limitation, conducting all communication with the news media, providing care for injured persons and/or temporarily closing the Franchised Restaurant. The parties acknowledge that, in directing the management of any Crisis Situation, EOS or its designee may engage the services of attorneys, experts, doctors, testing laboratories, public relations firms and those other professionals as it deems appropriate. Franchisee and its employees shall cooperate fully with EOS or its designee in its efforts and activities in this regard and shall be bound by all further Crisis Situation procedures developed by EOS from time to time hereafter. The indemnification under Section 26 shall include all losses and expenses that may result from the exercise by EOS or its designee of the management rights granted in this Section 32.F.

33. REPRESENTATIONS

Franchisee represents, acknowledges and warrants to EOS (and Franchisee agrees that these representations, acknowledgments and warranties shall survive termination of this Agreement) that:

A. Franchise Application. All information Franchisee provided to EOS in connection with Franchisee’s franchise application and EOS’s grant of this Franchise is truthful, complete and accurate.

B. Signatories to This Agreement. The persons signing this Agreement on behalf of Franchisee have full authority to enter into this Agreement and the other agreements contemplated by the parties. Execution of this Agreement or such other agreements by Franchisee does not and will not conflict with or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which Franchisee or any person with an ownership interest in Franchisee is a party.

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

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

EXHIBIT A

GUARANTEE AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Earl of Sandwich Restaurant Franchise Agreement dated as of _____ (the "Agreement") by Earl of Sandwich (USA), LLC, a Florida limited liability company ("EOS"), entered into with _____ ("Franchisee"), the undersigned ("Guarantors"), each of whom is an officer, director, member of Franchisee's Continuity Group, a direct or indirect holder of a legal or beneficial interest in Franchisee of 10% or more ("10% Owner"), or a spouse of one of the foregoing individuals, hereby personally and unconditionally: **(1)** guarantee to EOS and its 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; **(2)** agree personally to be bound by the provisions of Sections 21 and 26 of the Agreement; and **(3)** agree personally to be liable for the breach of Section 21 of the Agreement.

Each of the undersigned waives: **(a)** acceptance and notice of acceptance by EOS of the foregoing undertakings; **(b)** notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; **(c)** protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; **(d)** any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; **(e)** all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guarantee by the undersigned; **(f)** any law or statute which requires that EOS make demand upon, assert claims against or collect from Franchisee or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guarantee; **(g)** any and all other notices and legal or equitable defenses to which he may be entitled; and **(h)** any and all right to have any legal action under this Guarantee decided by a jury.

Each of the undersigned consents and agrees that: **(i)** his direct and immediate liability under this Guarantee shall be joint and several; **(ii)** he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; **(iii)** such liability shall not be contingent or conditioned upon pursuit by EOS of any remedies against Franchisee or any other person; **(iv)** such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which EOS 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 Guarantee, which shall be continuing and irrevocable during the term of the Agreement and for so long thereafter as there are monies or obligations owing from Franchisee to EOS or its affiliates under the Agreement; and **(v)** monies received from any source by EOS for application toward payment of the obligations under the Agreement and under this Guarantee may be applied in any manner or order deemed appropriate by EOS.

If EOS brings an action to enforce this Guarantee, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred during, prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury.

If EOS utilizes legal counsel (including in-house counsel employed by EOS or its affiliates) in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse EOS for any of the above-listed costs and expenses incurred by it.

This Guarantee shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. EOS's interests in and rights under this Guarantee are freely assignable, in whole or in part, by EOS. Any assignment shall not release the undersigned from this Guarantee.

Sections 31.A. through 31.E. of the Agreement are incorporated by reference into this Guarantee and all capitalized terms that are not defined in this Guarantee shall have the meaning given them in the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal.

GUARANTORS:

Date: _____ (Seal)

Print Name: _____

Address: _____

Date: _____ (Seal)

Print Name: _____

Address: _____

EXHIBIT B

ADDENDUM TO LEASE AGREEMENT

This Addendum to the Lease Agreement (“Addendum”) between _____ (“Landlord”) and _____, a _____ company (“Tenant” or “Franchisee”) is entered into simultaneously with the execution of the Lease Agreement between Landlord and Franchisee (the “Lease”) on this _____ day of _____, 20__.

RECITALS

WHEREAS, Landlord desires to lease the Leased Premises to Tenant, and Tenant desires to lease the Leased Premises from Landlord for the term upon the provisions set forth in the Lease.

Pursuant to that certain Franchise Agreement, to be entered into between Earl of Sandwich (USA), LLC (“Franchisor” or “EOS”) and Franchisee (the “Franchise Agreement”), Franchisor shall grant Franchisee the right to operate a franchised Earl of Sandwich Restaurant (“Franchised Restaurant”) at the Leased Premises.

Pursuant to Section 4 of the Franchise Agreement, Franchisee is required to request that Landlord include certain provisions in the Lease.

NOW THEREFORE, in consideration of the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Landlord and Franchisee, accordingly, are entering into this Addendum.

1. **Permitted Use:** Franchisee shall be permitted to use the Premises for an eat-in/take-out/delivery fast casual restaurant selling sandwiches, salads, soups, wraps, grab and go items, dessert items, beverages and other products sold in restaurants operating under the “Earl of Sandwich” trade name, including without limitation retail branded merchandise sales, and other ancillary purposes associated therewith, and for no other purpose (“Permitted Use”) without Landlord’s prior written consent. Provided Franchisee has obtained all necessary licenses and insurance, Tenant shall be allowed to sell beer and wine as part of its Permitted Use.
2. **Exclusive Use:** Landlord agrees that Tenant shall have the exclusive right throughout the Term of the Lease to engage in the sale of counter service sandwiches in the Leased Premises. Tenant agrees that other tenants in the Leased Premises may sell sandwiches so long as sandwiches are an *incidental* part of any such other tenant’s food sales (less than 10% of gross sales). Landlord agrees that it shall advise other tenants, and any future landlord, of Tenant’s exclusivity rights as set forth herein and shall not allow any other party to violate the terms of this exclusivity provision. If a violation occurs, Tenant, in addition to any other rights it may have in law or equity shall have the right to terminate this Lease upon thirty (30) days prior written notice.
3. **Marks:** Proprietary Marks means the “Earl of Sandwich” name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs, which Franchisor has designated, or may in the future designate for use with the Earl of Sandwich franchise system. Landlord consents to Franchisee’s use of the proprietary signs, distinctive exterior and interior designs and layouts and the Proprietary Marks prescribed by Franchisor. Upon expiration or the earlier termination of the Lease, Landlord consents to permit Franchisee, at Franchisee’s expense, to remove all such items and other trade fixtures, so long as Franchisee makes any necessary repairs to the building caused by such removal.

4. **Signage Criteria:** Landlord agrees that Tenant may install signage in conformance with Earl of Sandwich sign criteria attached hereto as Exhibit A, which is incorporated herein by this reference. Tenant must ensure drawings, plans and specifications for installation of signage (the “Plans”) comply with applicable ordinances, building codes and zoning and permit requirements. Installation and construction of signage and costs incurred shall be the responsibility of Tenant. If, in the course of construction, any such change in the Plans is contemplated, Tenant shall be required to obtain Landlord and Franchisor’s written approval prior to proceeding.
5. **Right to Enter:** Franchisor shall have the right to enter the Leased Premises to make any modifications or alterations necessary to protect the “Earl of Sandwich System” and the proprietary marks and to cure, within the time periods provided by the Lease, any default under the Lease, all without being guilty of trespass or other tort, and to charge Franchisee for these costs.
 - a. Landlord agrees that, following the expiration or earlier termination of the Franchise Agreement, Franchisee shall have the right to make those alterations and modifications to the Leased Premises as may be necessary to clearly distinguish to the public the Leased Premises from an Earl of Sandwich Restaurant and also make those specific additional changes as Franchisor reasonably may request for that purpose.
 - b. Landlord also agrees that, if Franchisee fails to promptly make such alterations and modifications, Franchisor shall have the right to do so without being guilty of trespass or other tort so long as Franchisor makes any necessary repairs to the building caused by such removal.
6. **Assignment:** Franchisee may assign the Lease to Franchisor, or its designee, with Landlord’s consent (which consent shall not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rentals payable to Landlord. Landlord agrees to consent to Franchisee’s collaterally assigning the Lease to Franchisor and granting Franchisor the option, but not the obligation, to assume the Lease from the date Franchisor takes possession of the Leased Premises, without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.
7. **Franchisee’s Obligations:** Landlord acknowledges and agrees that Franchisee shall be solely responsible for all obligations, debts and payments under the Lease.
8. **Default Under Franchise Agreement:** Any default under the Lease which is not cured by Franchisee within the applicable cure period shall also constitute grounds for termination of the Franchise Agreement.
9. **Notice:** Landlord agrees to provide Franchisor (at the same time sent to Franchisee) a copy of all amendments, assignments and notices of default pertaining to the Lease and the Leased Premises at the following address, or to such other address as Franchisor may provide to Landlord from time to time:

Earl of Sandwich (USA), LLC
ATTN: General Counsel
4700 Millenia Boulevard, Suite #400
Orlando, FL 32839

10. **Amendment of Lease:** Landlord agrees not to amend or otherwise modify the Lease in any manner that would affect any of the foregoing requirements without Franchisor’s prior written consent, which consent shall not be unreasonably withheld.

11. **Incorporation.** This Addendum and the Lease shall be read as one document. If there is any conflict between the provisions of this Addendum and the provisions of the Lease, the terms of this Addendum shall govern and control. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Lease.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

LANDLORD:

By: _____

Print Name: _____

Title: _____

Date: _____

TENANT:

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT A TO ADDENDUM OF LEASE AGREEMENT

EARL OF SANDWICH SIGN CRITERIA

The purpose of this document is to outline the criteria which have been established governing the design, fabrication, and installation of signage for franchised restaurant locations. Sign construction and installation shall be completed in compliance with the instructions for sign criteria set forth below in this Exhibit A, or as further directed by EOS.

The required sign criteria is as follows:

1. Tenant shall submit drawings, plans and specifications for all proposed signage work for its franchised restaurant to EOS for written approval prior to fabrication of any signage. Such drawings, plans and specifications shall clearly show location of sign on designated sign area, including graphics, color, construction, and attachment details. EOS will either mark the drawings as “Approved,” “Approved Based on EOS Modifications,” or “Disapproved.” Signage that has been “Approved Based on EOS Modifications” or “Disapproved” must be redesigned and resubmitted for EOS approval within ten (10) days of receipt by EOS. Any sign erected without being approved and not meeting EOS’s sign criteria may be removed by Landlord or by EOS at Tenant’s sole expense.
2. Franchisee shall not place anything on the canopies, awnings and/or umbrellas other than the approved signage.
3. All permits, as required by ordinances, building codes, sign codes and zoning laws shall be obtained by Tenant or Sign Contractor prior to installation.
4. All graphics for use on exterior signage will be approved on a site by site basis, at the sole discretion of EOS and Landlord.
5. All signage shall be installed, constructed in a workmanlike manner and shall comply with all applicable laws, ordinances and regulations, including the requirements of local and state regulatory authorities.
6. As depicted below, standard signage package should include: **EARL OF SANDWICH** and **THE WORLD’S GREATEST HOT SANDWICH** taglines. Internally Illuminated Push-Through Letter Faces. Earl of Sandwich logo Blade Sign – Internally Illuminated Cabinet Sign.

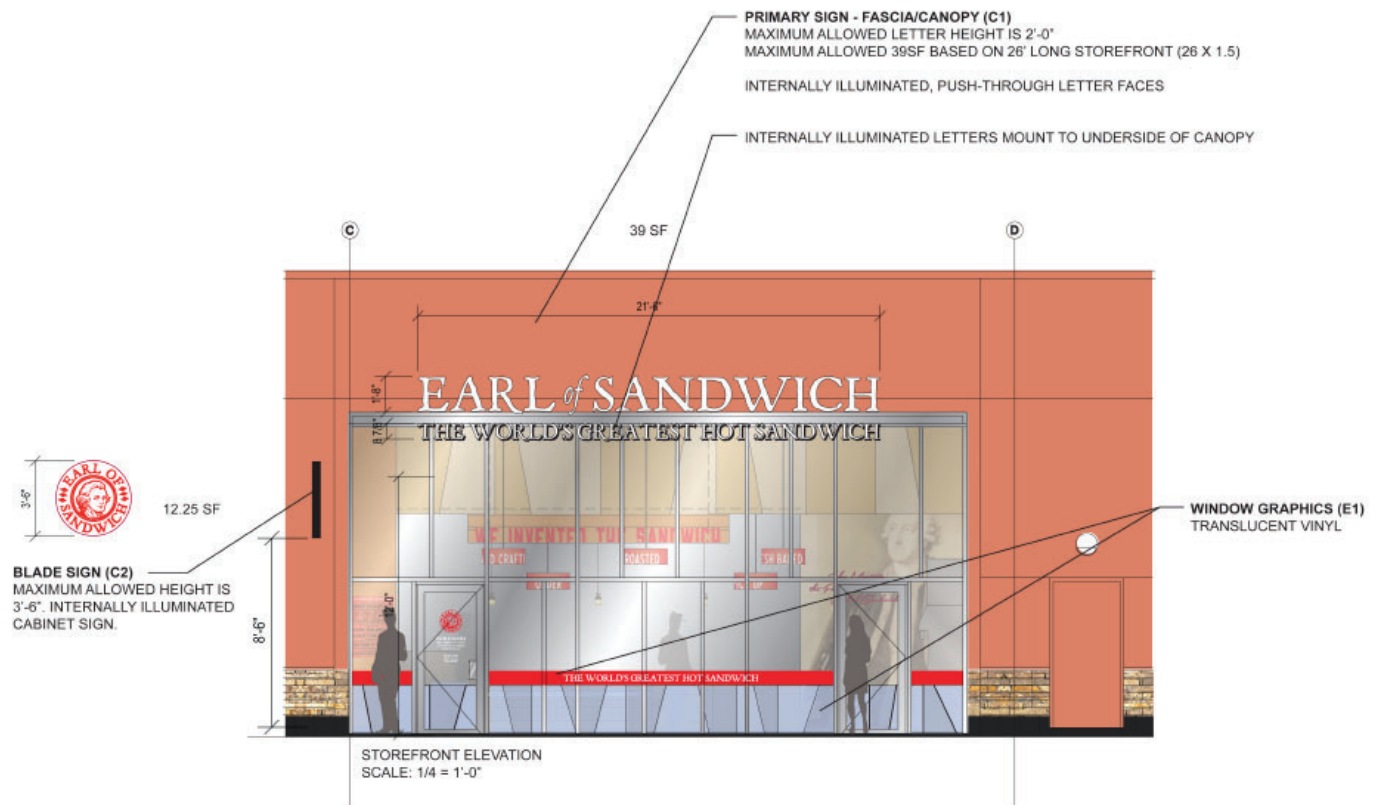


EXHIBIT C

ACH AUTHORIZATION FORM



EARL OF SANDWICH RESTAURANT ADDRESS: _____

DEPOSITOR (NAME OR LEGAL ENTITY): _____

The undersigned depositor ("Depositor") hereby authorizes Earl of Sandwich (USA), LLC ("EOS") to initiate debit entries and credit correction entries to Depositor's checking or savings account indicated below and Depositor hereby authorizes the depository designated below ("Bank") to debit or credit such account pursuant to EOS's instructions. This authorization is to remain in full force and effect until 60 days after EOS has received written notification from Depositor of its termination.

DEPOSITOR INFORMATION

Depositor Name:
Mailing Address:
City/ State/ Zip Code:
Telephone:
Email:

DEBITING BANK ACCOUNT INFORMATION

Bank Name:
City / State / Zip Code:
Branch:
Account Number to Debit:
Routing Number (9 digit #):
Account Name:

The undersigned representative of Depositor represents and warrants to EOS and the Bank that the person executing this ACH Authorization Form is an authorized signatory on the account referenced above and all information regarding the account is true and accurate.

Depositor By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT D

QUESTIONNAIRE TO BE COMPLETED BEFORE SIGNING AN EARL OF SANDWICH AGREEMENT

You are preparing to enter into an Earl of Sandwich Development Agreement or Franchise Agreement (“Agreement”) with Earl of Sandwich (USA) LLC (“we” “our” or “Franchisor”). Please review each of the following questions and statements carefully and provide honest and complete responses to each.

Franchise Applicant _____

1. Have we provided you with a Franchise Disclosure Document at least 14 calendar days (or the earlier of the first personal meeting or 10 business days if you are a prospect based in or will operate in New York; the earlier of the first personal meeting or 14 days if you are a prospect based in or will operate in Iowa; or 10 business days if you are a prospect based in or will operate in Michigan) before you signed any agreements or paid any money or other consideration to us or our affiliates?

Yes ___ No ___

2. Did you sign a Receipt, or do you have a printed copy of the e-mail confirmation from the online download center, indicating the date on which you received the Franchise Disclosure Document?

Yes ___ No ___

3. Please list any questions you have regarding the franchise opportunity that you would like to discuss prior to signing the Agreement. (Attach additional pages, if necessary.)

4. Please list any information provided to you by any employee or other person speaking on our behalf concerning the sales, revenue, profits, or operating costs of one or more Earl of Sandwich Restaurants operated by us, our affiliates, or our franchisees or that you may earn or experience that is in addition to the information contained in the Franchise Disclosure Document:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the California Franchise Investment Law, Maryland Franchise Registration and Disclosure Law, the Washington Franchise Investment Protection Act, or any other state franchise registration and disclosure law.

You acknowledge that one or more other copies of this Questionnaire have been reviewed and signed by the owners of your proposed business entity.

FRANCHISE APPLICANT

[Insert name of Franchise Applicant]

By: _____
[Name of Person signing on behalf of Franchise Applicant]

Its: _____
[Title of Person signing on behalf of Franchise Applicant]

OWNER(S) OF FRANCHISE APPLICANT

[Insert name of Owner]

[Signature of Owner]

RIDER 1

FRANCHISE AGREEMENT EXPIRATION DATE

TO: _____

The Franchised Restaurant located at _____
first opened for business on _____. The initial term of the Franchise Agreement for the
Franchised Restaurant expires on _____. If Franchisee desires to renew the Franchise
Agreement, Franchisee must give EOS notice no earlier than _____ (12 months before the
expiration date of the Franchise Agreement) and no later than _____ (8 months before the
expiration date).

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT F

NONTRADITIONAL LOCATION ADDENDUM

ADDENDUM TO THE EARL OF SANDWICH RESTAURANT FRANCHISE AGREEMENT FOR A NONTRADITIONAL LOCATION

THIS ADDENDUM to the Earl of Sandwich Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) by and between Earl of Sandwich (USA), LLC (“EOS”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

RECITALS

Pursuant to the Franchise Agreement, EOS granted Franchisee the right to operate the Franchised Restaurant at the Franchised Location.

Since the Restaurant will be operated at a “Nontraditional Location” or “Captive Market Location,” certain provisions of the Franchise Agreement will not be applicable to Franchisee’s operation of the Franchised Restaurant and certain other provisions need to be added to the Franchise Agreement to govern Franchisee’s operation of the Franchised Restaurant.

The parties have agreed to modify the Franchise Agreement to reflect the necessary changes.

NOW THEREFORE, in consideration of the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, the parties hereby agree as follows:

1. **Grant of Franchise.** Section 1.A. is deleted and replaced with the following:

Subject to the provisions of this Agreement, EOS hereby grants to Franchisee the right (“Franchise”) to continuously operate the Franchised Restaurant at the Franchised Location (as defined below) and to use the Proprietary Marks in the operation of the Franchised Restaurant. The Franchised Restaurant is located within a larger building at the street address specified in Exhibit A (“Facility”), and it occupies the physical area of the Facility (comprising the Franchised Restaurant, whether a food-court, in-line application, stand-alone restaurant or other location, and any dedicated back of the house area), as indicated on the floor plan attached to Exhibit A (“Franchised Location”). If the Franchised Restaurant serves a limited Earl of Sandwich menu (as indicated in attached Exhibit A and as determined by EOS in its discretion), Franchisee may offer for sale and sell at the Franchised Location only those System menu items specified in Exhibit A. In addition to the Franchised Restaurant, Franchisee or its affiliates operate those other businesses at the Facility identified in attached Exhibit A.

2. **No Exclusivity.** Section 1.B. is deleted and replaced with the following:

B. No Exclusivity. Franchisee has no exclusive territory or Protected Area and any reference made thereto in this Agreement shall be deemed deleted and inapplicable. EOS reserves to itself all rights to use and license the System and the Proprietary Marks other than those expressly granted under this Agreement, including the right to operate, and license others to operate, Earl of Sandwich Restaurants at locations that directly or indirectly compete with the Franchised Restaurant.

3. **Term.** Section 2.A.(2) is deleted and replaced with the following:

(2) Notwithstanding the foregoing, this Agreement shall automatically terminate if Franchisee's contract to provide foodservice at the Facility terminates or expires without renewal. In addition, Franchisee may terminate this Agreement following 60 days' written notice to EOS if Franchisee's client at the Facility instructs Franchisee in writing to cease operating the Franchised Restaurant (provided Franchisee has exercised reasonable efforts to arrange a meeting between Franchisee's client and EOS, if EOS so elects, to discuss the continued operation of the Franchised Restaurant). If Franchisee's contract to provide foodservice at the Facility permits Franchisee's client to take this action on shorter notice, the notice period provided in that contract shall govern, provided Franchisee has provided EOS a copy of the relevant contract provision.

A. Renewal Term

(1) At the expiration of the Initial Term, Franchisee shall have an option to remain a franchisee at the Franchised Location for two additional consecutive Renewal Terms of 5 years each. The conditions for renewal at the expiration of the Initial Term are set forth in this Section 2.B. The conditions for renewal at the expiration of the first Renewal Term shall be set forth in the franchise agreement in effect at that time. Franchisee must give EOS written notice of whether or not it intends to exercise its option for the first Renewal Term not less than 9 months, nor more than 12 months, before the expiration of the Initial Term. Failure to timely provide EOS the required notice constitutes a waiver by Franchisee of its option to remain a franchisee beyond the expiration of the Initial Term.

(2) If Franchisee desires to continue as a franchisee for the first Renewal Term, Franchisee must comply with all of the following conditions prior to and at the end of the Initial Term:

(a) Franchisee shall not be in default under this Agreement or any other agreements between Franchisee and EOS or its affiliates.

(b) Franchisee shall renovate and modernize the Franchised Restaurant so that it conforms with the image of the System for new Earl of Sandwich Restaurants for similar nontraditional locations at the time Franchisee provides EOS the renewal notice.

(c) Franchisee shall have the right to remain in possession of the Franchised Location for the first Renewal Term.

(d) Franchisee shall execute a general release and a covenant not to sue, in a form satisfactory to EOS, of any and all claims against EOS and its affiliates and their past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities.

(e) Franchisee shall pay a renewal fee in the amount of 50% of EOS's then-current Initial Fees (including any Application Fees and Initial Franchise Fees) for a Nontraditional Location and execute a new franchise agreement for the first Renewal Term in the form then in general use by EOS (or, if EOS is not then granting franchises for Earl of Sandwich Restaurants in Nontraditional Locations, that form of agreement as reasonably specified by EOS). The renewal fee shall be in addition to any capital expenditures that Franchisee is required to make pursuant to Section 2.B.(2)(B).

4. **Lease.** The first sentence of Section 4 is deleted and replaced with the following:

If Franchisee proposes to lease or sublease the Franchised Location, Franchisee shall provide EOS with a copy of the fully-executed lease or sublease (for a term, including renewal terms, for at least the Initial Term) for the Franchised Location within 30 days after EOS approves the site for the Franchised Location.

5. **Royalty Fee.** The following sentence is added to the end of Section 7.B.

Notwithstanding the foregoing, if: **(a)** beverages cannot be ordered at the Franchised Restaurant; or **(b)** Franchisee's point of sale system cannot allocate to Gross Sales beverages ordered at the Franchised Restaurant, Franchisee shall pay a royalty fee in the amount of 8% of the Gross Sales of the Franchised Restaurant.

6. **Gross Sales.** The following sentence is added to the end of Section 7.D.:

Gross Sales shall not include revenues from any other businesses that Franchisee operates at the Facility other than the Franchised Restaurant.

7. **Grand Opening Spending.** The fourth sentence of Section 9.A. is deleted and replaced with the following:

In addition to the requirements of Section 9.G., Franchisee shall, during the period beginning 30 days before the scheduled opening of the Franchised Restaurant and continuing for 60 days after the Franchised Restaurant first opens for business ("Grand Opening Period"), spend at least \$3,000 to conduct grand opening advertising in authorized advertising media and for authorized expenditures (as defined in Section 9.G.)

8. **Maintenance.** The following subsection is added at the end of Section 14.H.:

(3) Franchisee and its affiliates shall maintain in first class condition and repair any other businesses operated at the Facility, all areas adjacent to the Franchised Restaurant and any common area of the Facility that is utilized by the customers of the Franchised Restaurant and that may be associated with the Franchised Restaurant.

9. **Maximum Operation of the Franchised Restaurant.** The following sentence is added at the end of Section 14.I.(1):

Notwithstanding the foregoing, Franchisee is not required to keep the Franchised Restaurant open and operating during any periods of the day when the adjacent businesses at the Facility are not open and operating.

10. **Signage.** The following sentence is added to the end of Section 14.K.:

EOS has the right to approve, in its sole discretion, all Earl of Sandwich signage to be displayed in, at or near the Facility. All Earl of Sandwich signage shall be of a size at least equal to the signage for any other businesses that Franchisee operates at the Facility. If EOS objects to any sign, logo or advertising media of any kind, Franchisee shall not display that sign, logo or advertising.

11. **Indemnification.** The following sentence is added to Section 26:

Franchisee's indemnification obligations under this Section 26 shall include any claim arising out of, resulting from or connected with Franchisee's operation of any of the other businesses at the Facility.

12. **Miscellaneous.** The captions in this Addendum are for convenience only. Any capitalized term that is not defined in this Addendum shall have the meaning given to it in the Franchise Agreement. In the event of any conflict between the provisions of this Addendum and the provisions of the Franchise Agreement, the terms of this Addendum shall govern and control. Except as expressly provided in this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in counterparts, and each copy so executed and delivered shall be deemed to be an original. Any signature by facsimile or scanned PDF shall be deemed an original signature.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the date of the Franchise Agreement.

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

EXHIBIT A

1. Address of the Facility: _____

2. Full Menu or Limited Menu: _____

3. Menu Items, if Limited Menu Earl of Sandwich Restaurant: _____

4. Other Businesses Operated by Franchisee at the Facility: _____

5. Attach Floor Plan of the Facility.

FLOOR PLAN

EXHIBIT G

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EXHIBIT H

FINANCIAL STATEMENTS

**EARL OF SANDWICH (USA), LLC
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

***As of and for the Fiscal Years Ended December 26, 2021,
December 27, 2020, and December 29, 2019***

And Report of Independent Auditor

EARL OF SANDWICH (USA), LLC AND SUBSIDIARIES
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Report of Independent Auditor

To the Member
Earl of Sandwich (USA), LLC and Subsidiaries
Orlando, Florida

Opinion

We have audited the accompanying consolidated financial statements of Earl of Sandwich (USA), LLC and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 26, 2021, December 27, 2020, and December 29, 2019, and the related consolidated statements of income, member's equity, and cash flows for the fiscal years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 26, 2021, December 27, 2020, and December 29, 2019, and the results of its operations and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 the Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

Cherry Belcast LLP

Tampa, Florida
April 22, 2022

EARL OF SANDWICH (USA), LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

DECEMBER 26, 2021, DECEMBER 27, 2020, AND DECEMBER 29, 2019

	December 26, 2021	December 27, 2020	December 29, 2019
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 233,449	\$ 544,776	\$ 206,168
Restricted investments	300,000	300,000	353,250
Accounts receivable	223,931	174,188	250,222
Inventories	144,753	125,968	152,851
Prepaid expenses and other assets	419,600	286,317	209,426
Due from related parties	26,437,726	24,354,185	24,869,655
Total Current Assets	27,759,459	25,785,434	26,041,572
Property and equipment, net	1,264,646	1,800,561	3,383,334
Due from related parties	6,790,938	6,556,203	6,345,853
Deposits	2,594	3,078	3,078
	8,058,178	8,359,842	9,732,265
Total Assets	\$ 35,817,637	\$ 34,145,276	\$ 35,773,837
LIABILITIES AND MEMBER'S EQUITY			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 4,812,695	\$ 3,836,360	\$ 3,514,481
Contract liabilities, current portion	51,590	42,000	40,884
Due to related parties	4,285,001	5,099,204	4,285,001
Notes payable, current portion	-	625,000	1,121,875
Paycheck Protection Program loan, current portion	-	779,600	-
Total Current Liabilities	9,149,286	10,382,164	8,962,241
Notes payable, long-term portion	-	-	437,500
Paycheck Protection Program loan, long-term portion	-	779,600	-
Contract liabilities, long-term portion	1,430,610	1,106,410	1,007,969
Deferred rent	116,440	261,188	394,814
Total Liabilities	10,696,336	12,529,362	10,802,524
Member's Equity:			
Contributed capital	3,759,714	3,759,714	3,759,714
Retained earnings	21,361,587	17,856,200	21,211,599
Total Member's Equity	25,121,301	21,615,914	24,971,313
Total Liabilities and Member's Equity	\$ 35,817,637	\$ 34,145,276	\$ 35,773,837

EARL OF SANDWICH (USA), LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

FISCAL YEARS ENDED DECEMBER 26, 2021, DECEMBER 27, 2020, AND DECEMBER 29, 2019

	December 26, 2021	December 27, 2020	December 29, 2019
Revenues:			
Restaurant	\$ 20,610,688	\$ 10,796,190	\$ 27,523,565
Franchise and royalty	1,147,585	784,766	1,869,441
Other	-	13,363	42,012
Total Revenues	<u>21,758,273</u>	<u>11,594,319</u>	<u>29,435,018</u>
Costs and Expenses:			
Cost of restaurant sales	5,053,544	2,812,391	6,920,268
Operating expenses	3,116,142	3,226,320	3,996,186
Salaries and benefits	5,286,391	4,009,346	8,310,499
Occupancy	3,676,363	2,175,661	4,789,171
Depreciation and amortization	495,524	765,034	861,016
Total Costs and Expenses	<u>17,627,964</u>	<u>12,988,752</u>	<u>24,877,140</u>
Income (Loss) Before Other Operating Expenses	<u>4,130,309</u>	<u>(1,394,433)</u>	<u>4,557,878</u>
Other Operating Expenses:			
General and administrative expenses	2,129,842	1,973,269	2,189,851
Loss on disposal of assets	-	-	342,774
Total Other Operating Expenses	<u>2,129,842</u>	<u>1,973,269</u>	<u>2,532,625</u>
Operating Income (Loss)	<u>2,000,467</u>	<u>(3,367,702)</u>	<u>2,025,253</u>
Nonoperating Income (Expenses):			
Interest expense	(29,048)	(35,874)	(96,331)
Other income (expense), net	(46,801)	48,177	(14,970)
Paycheck Protection Program loan forgiveness	1,580,769	-	-
Total Nonoperating Income (Expenses)	<u>1,504,920</u>	<u>12,303</u>	<u>(111,301)</u>
Net Income (Loss)	<u>\$ 3,505,387</u>	<u>\$ (3,355,399)</u>	<u>\$ 1,913,952</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

EARL OF SANDWICH (USA), LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY

FISCAL YEARS ENDED DECEMBER 26, 2021, DECEMBER 27, 2020, AND DECEMBER 29, 2019

	Contributed Capital	Retained Earnings	Total
Balance, December 30, 2018	\$ 3,759,714	\$ 19,576,552	\$ 23,336,266
Cumulative adjustment for adoption of new accounting pronouncement (ASC 606) (Note 1)	-	(278,905)	(278,905)
Net income	-	1,913,952	1,913,952
Balance, December 29, 2019	3,759,714	21,211,599	24,971,313
Net loss	-	(3,355,399)	(3,355,399)
Balance, December 27, 2020	3,759,714	17,856,200	21,615,914
Net income	-	3,505,387	3,505,387
Balance, December 26, 2021	<u>\$ 3,759,714</u>	<u>\$ 21,361,587</u>	<u>\$ 25,121,301</u>

EARL OF SANDWICH (USA), LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

FISCAL YEARS ENDED DECEMBER 26, 2021, DECEMBER 27, 2020, AND DECEMBER 29, 2019

	December 26, 2021	December 27, 2020	December 29, 2019
Cash flows from operating activities:			
Net income (loss)	\$ 3,505,387	\$ (3,355,399)	\$ 1,913,952
Adjustments to reconcile net income (loss) to net cash flows from operating activities:			
Depreciation and amortization	495,524	765,034	861,016
Deferred rent	(144,748)	(133,626)	(173,341)
Loss on disposal of assets	40,391	-	342,774
Impairment of long-lived assets	-	855,541	-
Paycheck Protections Program loan forgiveness	(1,559,200)	-	-
Changes in operating assets and liabilities:			
Accounts receivable	(49,743)	76,034	(74,110)
Inventories	(18,785)	26,883	17,098
Prepaid expenses and other assets	(132,799)	(76,891)	19,702
Due from/to related parties, net	(3,167,853)	1,119,323	(2,513,170)
Accounts payable and accrued expenses	1,011,709	321,879	12,209
Contract liabilities	333,790	99,557	119,948
Net cash flows from operating activities	<u>313,673</u>	<u>(301,665)</u>	<u>526,078</u>
Cash flows from investing activities:			
Purchase of property and equipment	-	(37,802)	(158,216)
Proceeds from sale of restricted investments	-	53,250	-
Net cash flows from investing activities	<u>-</u>	<u>15,448</u>	<u>(158,216)</u>
Cash flows from financing activities:			
Proceeds from issuance of notes payable	-	-	450,000
Proceeds from Paycheck Protection Program loan	-	1,559,200	-
Payments on notes payable	(625,000)	(934,375)	(950,000)
Net cash flows from financing activities	<u>(625,000)</u>	<u>624,825</u>	<u>(500,000)</u>
Net change in cash and cash equivalents	(311,327)	338,608	(132,138)
Cash and cash equivalents, beginning of year	544,776	206,168	338,306
Cash and cash equivalents, end of year	<u>\$ 233,449</u>	<u>\$ 544,776</u>	<u>\$ 206,168</u>
Supplemental disclosure of cash flow information:			
Cash paid for interest	<u>\$ 28,971</u>	<u>\$ 35,874</u>	<u>\$ 96,331</u>
Supplemental disclosure of noncash flow information:			
Cumulative adjustment for adoption of new accounting pronouncement (ASC 606)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,905</u>

EARL OF SANDWICH (USA), LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 26, 2021, DECEMBER 27, 2020, AND DECEMBER 29, 2019

Note 1—Nature of operations and significant accounting policies

Principles of Consolidation – The consolidated financial statements include the accounts of Earl of Sandwich (USA), LLC (“EOS”) and its wholly-owned subsidiaries (collectively, the “Company”). All significant intercompany balances and transactions are eliminated in consolidation.

Nature of Operations – EOS was organized in the state of Florida on June 17, 2004 for the purpose of developing the Earl of Sandwich restaurant concept, including the sale of franchises, and is comprised of one member. The Company owns and operates nine fast casual restaurants under the name “Earl of Sandwich,” offering a menu featuring hot, fresh, premium sandwiches, salads, wraps, and related items. The restaurants are located in California, Florida, Massachusetts, and Nevada.

Fiscal Year – The Company’s fiscal year is the 52-week period ending on the Sunday closest to December 31. There were 52 weeks in the years ended December 26, 2021, December 27, 2020, and December 29, 2019.

Cash and Cash Equivalents – The Company considers all highly-liquid investments purchased with original maturities of three months or less to be cash equivalents.

Restricted Investments – Restricted investments represent certificates of deposit. These investments are restricted as they are required as collateral against letters of credit issued by the Company to ensure payments of rent for its Orlando restaurant lease. Investments in certificates of deposit are recorded at amortized cost as the Company intends to hold these securities to maturity.

Inventories – Inventories, consisting primarily of food, beverage, and supplies, are valued at the lower of cost or market. Cost is determined using the weighted-average method, which approximates the first-in, first-out method.

Property and Equipment – Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of their estimated useful lives or the related lease life. For leases with renewal options, the Company generally uses the renewal periods to determine the lease life if failure to exercise a renewal option would impose an economic penalty to the Company and management determines the renewal is reasonably assured.

Long-Lived Assets – The Company reviews its long-lived assets, such as fixed assets, for impairment whenever events or changes in circumstances indicate that carrying value of an asset or group of assets may not be recoverable, but at least annually. The Company considers a history of consistent and significant operating losses to be a primary indicator of potential asset impairment. Assets are grouped and evaluated for impairment at the lowest level for which there are identifiable cash flows, primarily the individual restaurants. A restaurant is deemed to be impaired if a forecast of its future operating cash flows directly related to the restaurant are less than its carrying amount. If a restaurant is determined to be impaired, the loss is measured as the amount by which the carrying amount of the restaurant exceeds its fair value. Fair value is an estimate based on the best information available including prices for similar assets or the results of valuation techniques such as discounted estimated future cash flows, as if the decision to continue to use the impaired restaurant was a new investment decision. Judgments and estimates made related to long-lived assets are affected by factors such as economic conditions, changes in historical resale values, and changes in operating performance. This process requires the use of estimates and assumptions, which are subject to a high degree of judgment. If these assumptions change in the future, the Company may be required to record impairment charges for these assets. There was approximately \$105,000 and \$856,000 of impairment charges recognized for the fiscal years ended December 26, 2021 and December 27, 2020, respectively. No material impairment charges were recognized during the year ended December 29, 2019. Impairment charges are included in operating expenses on the consolidated statements of income.

EARL OF SANDWICH (USA), LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 26, 2021, DECEMBER 27, 2020, AND DECEMBER 29, 2019

Note 1—Nature of operations and significant accounting policies (continued)

Leases – Each lease is evaluated at inception to determine whether the lease will be accounted for as an operating or capital lease. Minimum base rent for operating leases, which may have escalating rentals over the term of the lease, is recorded on a straight-line basis over the entire lease term, including cancelable option periods where failure to exercise such options would result in economic penalty. The Company records the difference between the amounts charged to operations and amounts payable under the lease as deferred rent in the accompanying consolidated balance sheets.

Contingent rent expense, which is based on a percentage of revenue, is also recorded to the extent it exceeds minimum base rent per the lease agreement.

The Company accounts for construction allowances granted by the lessor for leasehold improvements by recording a receivable from the lessor when collectability is considered certain, depreciating the leasehold improvements over the lesser of their useful lives or the full term of the lease, and amortizing the construction allowance as a credit to rent expense over the full term of the lease, including renewal options.

Advertising Expenses – The Company expenses all advertising costs as they are incurred. Total advertising costs for the fiscal years ended December 26, 2021, December 27, 2020, and December 29, 2019 were approximately \$122,000, \$125,000, and \$326,000, respectively, and are included in other operating expenses in the accompanying consolidated statements of income.

Pre-Opening Costs – Pre-opening costs, consisting primarily of professional fees, training, initial small wares order, initial uniforms, and other similar costs incurred prior to the opening of the restaurant, are expensed as incurred.

Self-Insurance – The Company is primarily self-insured for a significant portion of its current medical and dental programs along with a small portion of general liability insurance. In estimating its self-insurance reserves, the Company utilizes estimates of future losses, based upon historical loss trends and historical industry data and actuarial estimates of settlement costs for incurred claims. These reserves are monitored and adjusted when warranted by changing circumstances. Should an additional change in claims occur compared to current estimates, the Company's reserves could be either increased or decreased based upon that data. Any increases or decreases in insurance reserves would be offset by a corresponding increase or decrease in insurance expense. Self-insurance liability was approximately \$69,000, \$26,000, and \$49,000 at December 26, 2021, December 27, 2020, and December 29, 2019, respectively, which is included in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

Revenue Recognition – See Note 2.

The cumulative effect of adopting ASC 606 effective December 30, 2018 on the Company's consolidated balance sheet is as follows:

	As Previously Reported	ASC 606 Adjustments	As Adjusted
Liabilities:			
Contract liabilities	\$ 650,000	\$ 278,905	\$ 928,905
Member's equity:			
Retained earnings	\$ 19,576,552	\$ (278,905)	\$ 19,297,647

EARL OF SANDWICH (USA), LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 26, 2021, DECEMBER 27, 2020, AND DECEMBER 29, 2019

Note 1—Nature of operations and significant accounting policies (continued)

Income Taxes – The Company was formed as a limited liability company and is treated as a pass-through entity for federal income tax purposes. Accordingly, the member includes the Company's income or loss in its individual income tax return. Accordingly, no provisions or liabilities for federal and state income taxes have been included in the consolidated financial statements.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events – The Company has evaluated events and transactions occurring subsequent to December 26, 2021 as of April 22, 2022, which is the date the consolidated financial statements were available to be issued.

Note 2—Revenue recognition

Revenues consist primarily of sales from restaurant operations and franchise revenues. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a restaurant guest or franchisee.

Performance Obligations – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

Restaurant Revenue – The Company recognizes revenues from restaurant sales when payment is tendered at the point of sale, as the Company's performance obligation to provide food and beverage to the customer has been satisfied.

Franchise Revenue – Revenues the Company receives from franchise arrangements include sales-based royalties, advertising fund contributions, area development fees, and initial franchise fees. Franchisees are required to remit 4.0% to 6.0% of their revenues as royalties to the Company. The Company recognizes these sales-based royalties as the underlying franchisee sales occur.

The Company also provides its franchisees with management expertise, training, pre-opening assistance, and restaurant operating assistance in exchange for area development fees and up-front franchise fees. The Company defers these fees upon collection from the franchisee, which are amortized over the contracted franchise term as the services comprising the performance obligation are satisfied. The Company typically grants franchise rights to franchisees for a term of 10 years, with the right to extend the term for an additional 10 years if various conditions are satisfied by the franchisee. Unearned area development fees and franchise fees are included in contract liabilities in the accompanying consolidated balance sheets.

Other Revenue – Gift card breakage is recognized when the likelihood of a gift card being redeemed by the customer is remote and the Company determines there is not a legal obligation to remit the unredeemed gift card balance to the relevant jurisdiction. The determination of the gift card breakage rate is based upon the Company's specific historical redemption patterns. The Company recognizes gift card breakage by applying its estimate of the rate of gift card breakage on a pro rata basis over the period of estimated redemption.

Other revenue also consists of miscellaneous revenues considered insignificant to the Company's business.

EARL OF SANDWICH (USA), LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 26, 2021, DECEMBER 27, 2020, AND DECEMBER 29, 2019

Note 2—Revenue recognition (continued)

Accounts Receivable – Accounts receivable are primarily franchisee and customer obligations due under normal trade terms. The Company evaluates the collectability of its accounts receivable on a combination of factors. In circumstances where it is aware of a specific customer's inability to meet its financial obligations, it records a specific allowance to reduce the amounts recorded to what it believes will be collected. The Company may also record an additional reserve which is determined based on historical experience and its assessment of the general financial conditions affecting its customer base. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on management's evaluation of accounts receivable, no allowance for doubtful accounts was considered necessary at December 26, 2021, December 27, 2020, or December 29, 2019.

Gift Card Revenue – Unearned gift card revenue at December 26, 2021, December 27, 2020, and December 29, 2019 was approximately \$166,000, \$146,000, and \$147,000, respectively, and is included in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

Payment Terms – The Company's revenues do not include material amounts of variable consideration. The Company's payment terms vary by customer and the products offered. The time between invoicing and when payment is due is not significant. The Company's contracts with customers do not generally result in significant obligations associated with returns, refunds, or warranties.

Practical Expedients and Exemptions – There are several practical expedients and exemptions allowed that impact timing of revenue recognition and disclosures. The Company applied the following practical expedient:

The Company elects to treat similar contracts as part of a portfolio of contracts, primarily sales of franchise agreements. The contracts have the same provision terms and management has the expectation that the result will not be materially different from the consideration of each individual contract.

Modified retrospective implementation of ASC 606 (see Note 1).

Note 3—Restaurant closures

Restaurant Closures – In March 2021, the Company closed a restaurant located in Tampa, Florida. The Company incurred net operating losses of approximately \$38,000 from this restaurant during the fiscal year ended December 26, 2021. During 2020, the Company closed a restaurant located in New York City, New York. The Company incurred net operating losses of approximately \$139,000 from this restaurant during the fiscal year ended December 27, 2020. During 2019, the Company closed a restaurant located in Tampa, Florida. The Company incurred net operating losses of approximately \$508,000 from this restaurant during the fiscal year ended December 29, 2019.

EARL OF SANDWICH (USA), LLC AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 26, 2021, DECEMBER 27, 2020, AND DECEMBER 29, 2019

Note 4—Property and equipment

Property and equipment, net is summarized as follows:

	Estimated Useful Lives	December 26, 2021	December 27, 2020	December 29, 2019
Furniture, fixtures, and equipment	5-10 years	\$ 1,846,915	\$ 1,953,319	\$ 2,191,522
Leasehold improvements	5-25 years	5,385,112	5,393,807	6,171,181
Computer equipment	5 years	954,334	930,033	976,337
Construction in progress	N/A	88,049	37,643	-
		<u>8,274,410</u>	<u>8,314,802</u>	<u>9,339,040</u>
Less accumulated depreciation and amortization		<u>(7,009,764)</u>	<u>(6,514,241)</u>	<u>(5,955,706)</u>
		<u>\$ 1,264,646</u>	<u>\$ 1,800,561</u>	<u>\$ 3,383,334</u>

Depreciation and amortization expense was approximately \$496,000, \$765,000, and \$861,000 for the fiscal years ended December 26, 2021, December 27, 2020, and December 29, 2019, respectively.

Note 5—Notes payable

Notes payable consisted of the following at December 26, 2021, December 27, 2020, and December 29, 2019:

	December 26, 2021	December 27, 2020	December 29, 2019
Note payable due in monthly installments plus interest at LIBOR plus 2.35%, which matured and was paid in full in July 2020.	\$ -	\$ -	\$ 371,875
Note payable due in monthly installments of \$53,125 plus interest at LIBOR plus 2.35%. The loan was paid in full in July 2021.	-	625,000	1,187,500
Paycheck Protection Program loan bearing interest at 1% per annum and maturing in April 2022. The Company applied for forgiveness with the SBA in which on August 30, 2021, the SBA had forgiven the PPP Loan in full. As a result, the Company recognized \$1,559,200 to other income on the consolidated statement of income. (See Note 6)	-	1,559,200	-
	-	2,184,200	1,559,375
Less current portion	-	(1,404,600)	(1,121,875)
Long-term portion	<u>\$ -</u>	<u>\$ 779,600</u>	<u>\$ 437,500</u>

EARL OF SANDWICH (USA), LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 26, 2021, DECEMBER 27, 2020, AND DECEMBER 29, 2019

Note 6—Commitments, contingencies, and uncertainties

Operating Leases – The Company leases its restaurant locations under operating leases expiring at various dates through 2037. These expiration dates include renewal options that the Company intends to exercise in the ordinary course of business. Certain of the lease agreements contain rent escalation clauses and require the payment of contingent rentals based on a percentage of annual sales in excess of stipulated minimums. Most of the leases also require the Company to pay a pro rata share of real estate taxes, operating expenses, and common area costs. Certain of the leases are guaranteed by the Company's member and certain other entities affiliated with the Company's member.

The following table represents the approximate future minimum lease payments due under operating leases having initial or remaining noncancelable lease terms in excess of one year. The minimum payments do not include contingent rentals, which may be paid under certain leases.

Fiscal Years Ending:

2022	\$ 923,172
2023	387,272
2024	361,572
2025	335,000
2026	335,000
Thereafter	226,250
	<u>\$ 2,568,266</u>

Total rental expense is as follows and is included in occupancy expense in the consolidated statements of income:

	<u>December 26, 2021</u>	<u>December 27, 2020</u>	<u>December 29, 2019</u>
Minimum rentals	\$ 2,507,513	\$ 1,102,821	\$ 1,379,488
Contingent rentals	959,981	785,972	3,083,026
	<u>\$ 3,467,494</u>	<u>\$ 1,888,793</u>	<u>\$ 4,462,514</u>

Employee Benefit Plan – The Company provides 401(k) plan benefits to employees through the Earl Enterprises Retirement Savings Plan (the "Plan"). Employees are deemed eligible upon attaining age 21 and completing one year of service, as defined by the Plan. Participants may contribute up to an annual maximum allowed under the Internal Revenue Code. The Company made employer safe harbor matching contributions to the Plan of approximately \$30,000, \$24,000, and \$51,000, respectively, in fiscal years ended December 26, 2021, December 27, 2020, and December 29, 2019.

Letters of Credit – In connection with its Orlando restaurant lease, the Company was required to obtain a \$300,000 letter of credit to ensure payments of rent. The letter of credit expires on December 30, 2022. In connection with its New York City restaurant lease, the Company was required to obtain a \$53,250 letter of credit to ensure payments of rent. During 2020, the letter of credit was called and paid for through the sale of investments when the New York City location was closed. As discussed in Note 1, the Company has restricted certificates of deposit totaling \$300,000 that serve as collateral for the letters of credit.

EARL OF SANDWICH (USA), LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 26, 2021, DECEMBER 27, 2020, AND DECEMBER 29, 2019

Note 6—Commitments, contingencies, and uncertainties (continued)

Legal – The Company is subject to certain legal actions arising in the normal course of business, none of which is expected to have a material adverse effect on its results of operations, financial condition, or cash flows.

PPP Note Payable – The Company received a loan under the PPP for an amount of \$1,559,200, which was established under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) and administered by the U.S. Small Business Administration (“SBA”). The application for the PPP loan requires the Company to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the Company. This certification further requires the Company to take into account their current business activity and their ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP loan and the forgiveness of the PPP loan is dependent on the Company having initially qualified for the PPP loan and qualifying for the forgiveness of such PPP loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan. If the SBA determines that the PPP loan was not properly obtained and/or expenditures supporting forgiveness were not appropriate, the Company would need to repay some or all of the PPP loan and record additional expense which could have a material adverse effect on the Company’s business, financial condition and results of operations in a future period.

Note 7—Related party transactions

License Agreement – The Company entered into a global license agreement with a licensor related to the Company’s member effective January 1, 2007. This agreement allows the Company the use of the Earl of Sandwich trademark and name worldwide for a term of 99 years and may be extended by the Company for additional 49-year periods unless the licensor elects to acquire the Company under the terms of the agreement. The licensor may terminate the agreement by giving written notice to the Company within 30 days of default of the agreement, as defined. The Company must pay the licensor, on a quarterly basis, 1.5% of the net sales of all Company-owned stores that represent 1/3 or less of the total sales for the region. If an individual store’s sales are greater than 1/3 of the total sales of its region, the Company must pay the licensor 2% of the excess net sales of that store. The Company must also pay 25% of licensee royalties subject to a minimum of 1.5% of net sales of the franchisees. The percentage is 1% for those franchisees located outside of the United States of America. The licensor will also receive 25% of certain licensee income as defined in the agreement. For the fiscal years ended December 26, 2021, December 27, 2020, and December 29, 2019, the Company incurred approximately \$599,000, \$368,000, and \$938,000, respectively, in license fees, which are included in operating expenses in the accompanying consolidated statements of income. At December 26, 2021, December 27, 2020, and December 29, 2019, approximately \$128,000, \$178,000, and \$233,000, respectively, was due to the licensor and is included in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

Consulting Agreement – The Company entered into a consulting agreement with an entity related to the Company’s member in conjunction with the development of the Earl of Sandwich brand including menu creation, logo design, brand promotion, restaurant design, identifying potential franchises, and other general administrative duties. Pursuant to the terms of the agreement, the consultant will be paid \$500,000 annually for these services. The agreement renews annually for one-year periods unless cancelled by written notice of either party. The Company incurred consulting fees of \$500,000 under the agreement for the fiscal year ended December 29, 2019, which are included in general and administrative expenses in the accompanying consolidated statements of income. Effective January 2020, the parties agreed to waive the consulting fees during each of the years ended December 27, 2020 and December 26, 2021, accordingly, there were no amounts incurred during the years ended December 26, 2021 or December 27, 2020.

EARL OF SANDWICH (USA), LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 26, 2021, DECEMBER 27, 2020, AND DECEMBER 29, 2019

Note 7—Related party transactions (continued)

Due From/To Related Parties – Amounts due from/to related parties are comprised of non-interest bearing cash advances between affiliated entities controlled by the Company's member or parties related to the member. There are no set repayment terms. Certain amounts due from related parties have been classified as long-term in the accompanying consolidated balance sheets because collection is not anticipated within the next year.

Administrative Fees – The Company is obligated to pay a related party monthly administrative fees related to shared office expenses and support. Under this agreement, the Company incurred total expenses of approximately \$1,200,00 for both years ended December 26, 2021 and December 27, 2020, and \$674,000 for the year ended December 29, 2019. These expenses are included in the accompanying consolidated statements of income as general and administrative expenses.

Note 8—Concentrations of credit risk

Cash and cash equivalents are maintained at various financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. The Company places its funds with high credit quality financial institutions and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

P&L Earl of Sandwich

Period: 9 of 2022 ending on
9/25/2022

EARL OF SANDWICH (USA), LLC

Show GL Detail

All - Selected Cost Centers

GROSS REVENUE

FOOD SALES

11,651,551 72.52

BEVERAGE SALES

2,468,521 15.37

BAR SALES

240,012 1.49

OTHER REVENUE

37,214 0.23

GROSS REVENUE - UNIT

14,397,299 89.61

FRANCHISE FEE REVENUE

38,750 0.24

ROYALTIES-FRANCHISE

1,226,617 7.63

OTHER REVENUE CORP

403,175 2.51

FRANCHISE INCOME

1,668,542 10.39

GROSS REVENUE - USA

16,065,841 100.00

COMPS & PROMOS

DISNEY/CASINO BREAKAGE

28,062 0.19

FOOD DISCOUNTS

52,149 0.36

MGR MEALS

51,015 0.35

EMPLOYEE MEALS

42,992 0.30

GIFT CARDS

1,381 0.01

COMPS - F&B

31,720 0.22

LANDLORD/MALL DISCOUNT

269,472 1.87

TOTAL COMPS & PROMOS

476,790 3.31

NET REVENUE- USA

15,589,051 97.03

FOOD COST OF SALES

BAKERY COST

497,051 4.27

DAIRY COST

300,584 2.58

GROCERY COST

765,602 6.57

SEAFOOD COST

97 0.00

BEEF COST

330,165 2.83

PORK COST

304,122 2.61

POULTRY COST

605,218 5.19

PRODUCE COST

216,160 1.86

MISC FOOD ITEMS/CREDITS

(18,639) (0.16)

FOOD COST OF SALES

3,000,360 25.75

BEVERAGE COST OF SALES

333,620 13.51

BAR COST OF SALES	39,790	16.58
PAPER GOODS	368,075	2.56
TOTAL COST OF SALES	3,741,845	25.99
PAYROLL & RELATED		
HOURLY LABOR	1,943,825	13.50
SALARY	1,006,593	6.27
BONUS	70,740	0.44
TOTAL WAGES	3,021,158	18.80
PAYROLL & RELATED TAXES		
FICA/PAYE	239,608	1.49
FUTA	8,248	0.05
SUI	6,710	0.04
TOTAL PAYROLL AND RELATED TAXES	254,566	1.58
EMPLOYEE BENEFITS		
HEALTH INS - EE/ER CONTRIB.	170,855	1.06
401K CONTRIBUTIONS	28,969	0.18
VACATION	73,823	0.46
TOTAL EMPLOYEE BENEFITS	273,646	1.70
TOTAL PAYROLL AND RELATED	3,549,371	22.09
GROSS MARGIN	8,297,836	51.65
EXPENSES - CONTROLLABLE		
REPAIRS & MAINTENANCE		
R & M EQUIPMENT	60,780	0.38
R & M PREMISE	48,332	0.30
MAINTENANCE CONTRACTS	77,217	0.48
COMPUTER/NETWORK SUPPORT	60,500	0.38
TOTAL R & M	246,830	1.54
UTILITIES		
ELECTRIC	101,104	0.63
GAS	1,750	0.01
WATER & SEWER	11,458	0.07
CABLE/SATELITE	3,202	0.02

CELLULAR PHONES	10,965	0.07
LINES & LOCAL	70,088	0.44
TOTAL UTILITIES	198,567	1.24
 OTHER CONTROLLABLE EXPENSES		
RECRUITING COSTS	2,498	0.02
EMPLOYEE RELATIONS	104	0.00
UNIFORMS	10,269	0.06
T&E - MEALS/ENTERTAINMENT	1,264	0.01
T&E - AIRFARE	7,960	0.05
T&E - ACCOMMODATIONS	8,989	0.06
T&E - GROUND TRANSPORTATION	27,582	0.17
T&E - OTHER	308	0.00
TRAINING COSTS	579	0.00
CLEANING SERVICE	60,214	0.37
CLEANING SUPPLIES	23,750	0.15
DEGREASING SERVICE	4,143	0.03
EXTERMINATING	4,960	0.03
EQUIPMENT LEASES	3,847	0.02
MUSIC & VIDEO PURCHASES	4,268	0.03
OPERATING SUPPLIES	242,520	1.51
LAUNDRY	6,725	0.04
POSTAGE	251	0.00
UPS/FEDEX/COURIER	6,639	0.04
FREIGHT & SHIPPING	10,600	0.07
OVER & SHORT	20,888	0.13
3RD PARTY DELIVERY FEES	223,417	1.39
PRINTING & STATIONERY	321	0.00
OFFICE SUPPLIES	14,089	0.09
DUES & SUBSCRIPTIONS	1,649	0.01
SECURITY	2,865	0.02
LICENSE & PERMITS	10,812	0.07
OTHER FEES	74,375	0.46
TOTAL OTHER CONTROLLABLES	775,887	4.83
 TOTAL CONTROLLABLE EXPENSE	1,221,283	7.60
 PROFIT AFTER CONTROLLABLES	7,076,553	44.05
 EXPENSE - NON CONTROLLABLE		
ACCOUNTING FEES - EXTERNAL	54,900	0.34
LEGAL	19,844	0.12
OUTSIDE SERVICES	629,496	3.92
CSC ALLOCATION	900,000	5.60

OUTSIDE FRANCHISE EXPENSE	(2,926)	(0.02)
MISC. LOCAL SPENDING	117,393	0.73
PRODUCTION/ARTWORK	549	0.00
PRODUCT DEVELOPMENT	(34,544)	(0.22)
FINES & PENALTIES	30	0.00
ARMORED CAR	8,903	0.06
CREDIT CARD DISCOUNTS	274,438	1.71
BANK FEES	136,855	0.85
EQUIPMENT RENTAL	3,002	0.02
MISCELLANEOUS	1	0.00
INTANGIBLE TAXES	17,490	0.11
MISCELLANEOUS TAXES	13,148	0.08
ROYALTY EXPENSE	550,697	3.43
OTHER EXPENSES	884	0.01
TOTAL NON-CONTROLLABLE EXPENSE	2,690,157	16.74
OCCUPATION		
BASE RENT	2,023,267	12.59
PERCENTAGE RENT	353,129	2.20
RENTS -OTHER	461	0.00
STORAGE	5,971	0.04
TRASH REMOVAL	13,611	0.08
COMMON AREA MAINTENANCE	69,980	0.44
PROPERTY TAXES	36,113	0.22
GENERAL INSURANCE	104,611	0.65
WORKERS COMPENSATION	36,974	0.23
TOTAL OCCUPATION	2,644,117	16.46
OTHER NON-OPERATING INCOME & EXPENSE		
INTEREST INCOME	(52)	(0.00)
OTHER EXPENSES	0	0.00
TOTAL OTHER NON OPERATING INC & EXP	(52)	(0.00)
TOTAL NON CONTROLLABLE EPENSE	5,334,222	33.20
EBITDA	1,742,332	10.84
EBITDA - REDUCED FOR WRITEOFF	1,742,332	10.84
DEPR. - LEASEHOLDS	262,488	1.63
DEPR. - 5 YR ASSETS	47,990	0.30
DEPR. - 10 YR ASSETS	(3,072)	(0.02)

TOTAL DEPRECIATION & AMORTIZATION

307,406 1.91

INTEREST EXPENSE

0 0.00

NET INCOME

1,434,925 8.93

EXHIBIT I

STATE SPECIFIC ADDENDA TO THE FDD

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF CALIFORNIA**

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

See the cover page of the disclosure document for EOS's URL address. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

2. **Item 3, Additional Disclosure.** The following statement is added to Item 3:

Neither EOS nor any person listed in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such parties from membership in such association or exchange.

3. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning transfer, termination or non-renewal of the franchise and development agreements. If the agreements contain a provision that is inconsistent with the law, the law will control.

The franchise and development agreements provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, *et seq.*).

The franchise and development agreements provide for application of the laws of Florida. This provision may not be enforceable under California law.

The franchise and development agreements contain a choice of forum provision. Subject to state law, you can only file suit where our principal offices are located, and we may file suit in the jurisdiction where our principal offices are located, where you reside or do business, where the Development Territory or any Franchised Restaurant is or was located or where the claim arose. This provision may not be enforceable under California law.

The franchise and development agreements contain a covenant not to compete that extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

The franchise and development agreements contain liquidated damages clauses. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

You must sign a general release upon execution of the franchise and development agreements, if you transfer the rights granted under those agreements and if you renew your franchise under the franchise agreement. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

To obtain a liquor license in California, you must apply in-person with the State of California Department of Alcoholic Beverage Control, at your district office ("Department"). The Department will conduct an investigation, and you are responsible for posting a public notice and furnishing any additional notices or information requested by the Department. An application for a liquor license in California can take from 55 to 175 days or more to be approved, depending on the circumstances. For more information, please visit <https://www.abc.ca.gov/> or call the Department at 916.419.2500.

ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF HAWAII

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF ILLINOIS

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise and Development Agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

For info about obtaining a liquor license in Illinois, see: <https://www.illinois.gov/ilcc/Pages/Forms-and-Applications.aspx>

For info about obtaining TIPS certification in Illinois, see: <https://www.tipscertified.com/tips-state-pages/illinois>

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MARYLAND

1. **Item 5: Initial Fees.** The following is added at the end of Item 5 of the Disclosure Document:

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we secured a surety bond in the amount of \$75,000. A copy of the bond is on file at the Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202. A copy of the bond is also included in Exhibit J of our Franchise Disclosure Document.

2. **Item 17, Additional Disclosures.** The following statements are added to Item 17:
The franchise agreements provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

Any provisions requiring you to sign a general release of claims against EOS, including upon execution of the franchise agreements, renewal or transfer, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to these Additional Disclosures.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MICHIGAN**

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition of 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, 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 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 franchisee 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 franchisee for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise 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.

THE FACT 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 shall be directed to the Department of Attorney General, Corporate Oversight Division, Franchise Section, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MINNESOTA**

1. **Trademarks.** The following statement is added to Item 13:

Notwithstanding the foregoing, EOS will indemnify you against liability to a third party resulting from claims that your use of a Proprietary Mark infringes trademark rights of a third party; provided, that we will not indemnify against the consequences of your use of the Proprietary Marks unless the use is in accordance with the requirements of the Franchise Agreement and the System.

2. **Notice of Termination.** The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, EOS will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5 which requires, 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 franchise agreements.

3. **Choice of Forum.** The following statement is added to the State Cover Page and Item 17:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the 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.

4. **No Waiver.** The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF NEW YORK

1. **State Cover Page.** The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. **Item 3, Additional Disclosure.** The following is added to the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent..

3. **Item 4, Additional Disclosure.** The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. **Item 5: Initial Fees.** The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. **Item 7: Renewal, Termination, Transfer and Dispute Resolution**

A. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

B. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

C. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

D. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, are met independently without reference to these Additional Disclosures.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF NORTH DAKOTA

Item 17, Additional Disclosures. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

- A. **Restrictive Covenants:** Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. **Restriction on Forum:** Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- C. **Liquidated Damages and Termination Penalties:** Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- D. **Applicable Laws:** Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- E. **Waiver of Trial by Jury:** Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- F. **Waiver of Exemplary and Punitive Damages:** Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- G. **General Release:** Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

- H. Limitation of Claims:** Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- I. Enforcement of Agreement:** Requiring that North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Each provision of the Additional Disclosures shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of the Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURE
REQUIRED BY THE STATE OF RHODE ISLAND**

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

The provisions of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently without reference to this Additional Disclosure.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURE
REQUIRED BY THE STATE OF WASHINGTON**

Item 5, Additional Disclosure. The following statement is added to Item 5:

Persons who receive financial incentives to refer franchise prospects to us may be required to register as franchise brokers under the laws of the State of Washington.

Item 17, Additional Disclosures. The following statements are added to Item 17:

1. You have the right to terminate the Franchise Agreement and Development Agreement upon any grounds permitted by law.
2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
3. RCW 19.100.180 may supersede the Franchise Agreement and Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

4. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement or Development Agreement, you may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
5. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
8. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The provisions of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Additional Disclosure.

EXHIBIT J

STATE SPECIFIC ADDENDA TO THE AGREEMENTS

ADDENDA REQUIRED BY

THE STATE OF ILLINOIS

**ADDENDUM TO THE EARL OF SANDWICH RESTAURANT
DEVELOPMENT AGREEMENT
REQUIRED FOR ILLINOIS DEVELOPERS**

This Addendum to the Earl of Sandwich Restaurant Development Agreement dated _____ (“Development Agreement”) between Earl of Sandwich (USA), LLC (“EOS”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Illinois; or **(B)** Developer is a resident of the State of Illinois; or **(C)** part or all of the Development Territory is located in the State of Illinois.
2. Termination. The following sentence is added at the end of Section 13:

Notwithstanding the foregoing, Developer’s rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
3. Choice of Law. The following sentence is added at the end of Section 22.A.:

Notwithstanding the foregoing, Illinois law shall govern this Agreement.
4. Choice of Venue. The following sentence is added to the end of Section 22.B.:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois.
5. Representations. The following sentence is added to the end of Section 24:

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
6. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

DEVELOPER: _____

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE EARL OF SANDWICH RESTAURANT
FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES**

This Addendum to the Earl of Sandwich Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) between Earl of Sandwich (USA), LLC (“EOS”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to Franchisee was made in the State of Illinois; or **(B)** Franchisee is a resident of the State of Illinois; or **(C)** the Franchised Restaurant will be located and/or operated, and/or all or part of the Protected Area will be located, in the State of Illinois.
2. Termination. The following sentence is added at the end of Section 22:

Notwithstanding the foregoing, Franchisee’s rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
3. Choice of Law. The following sentence is added at the end of Section 31.A.:

Notwithstanding the foregoing, Illinois law shall govern this Agreement.
4. Choice of Venue. The following sentence is added to the end of Section 31.B.:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois.
5. Representations. The following sentence is added to the end of Section 33:

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
6. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

**ADDENDA REQUIRED BY
THE STATE OF MARYLAND**

**ADDENDUM TO THE EARL OF SANDWICH RESTAURANT
DEVELOPMENT AGREEMENT
REQUIRED FOR MARYLAND DEVELOPERS**

This Addendum to the Earl of Sandwich Restaurant Development Agreement dated _____ between Earl of Sandwich (USA), LLC (“EOS”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Maryland; **(B)** Developer is a resident of the State of Maryland; and/or **(C)** part or all of the Development Territory is located in the State of Maryland.

2. Development Fee. The following language is added to the end of Section 4 of the Development Agreement:

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we secured a surety bond in the amount of \$75,000. A copy of the bond is on file at the Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202. A copy of the bond is also included in Exhibit J of our Franchise Disclosure Document.

3. Releases. The following sentence is added to the end of Sections 10.B.(5) and 11:

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Choice of Law. The following sentence is added to the end of Section 22.A. :

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that Law.

5. Choice of Venue. The following sentence is added to the end of Section 22.B.:

Notwithstanding the foregoing, Developer may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. Statute of Limitations. The following sentence is added to the end of Section 22.C.:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

7. Representations. The following sentence is added to the end of Section 24:

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Representations in this Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

8. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

DEVELOPER: _____

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE EARL OF SANDWICH RESTAURANT
FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES**

This Addendum to the Earl of Sandwich Restaurant Franchise Agreement dated _____ between Earl of Sandwich (USA), LLC (“EOS”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of Maryland; **(B)** Franchisee is a resident of the State of Maryland; and/or **(C)** the Franchised Restaurant will be located and/or operated, and/or all or part of the Protected Area will be located, in the State of Maryland.

2. Fees. The following language is added to the end of Section 7. A. of the Franchise Agreement:

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we secured a surety bond in the amount of \$75,000. A copy of the bond is on file at the Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202. A copy of the bond is also included in Exhibit J of our Franchise Disclosure Document.

3. Releases. The following sentence is added to the end of Sections 2.B.(2)(e), 19.B.(5) and 20:

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Choice of Law. The following sentence is added to the end of Section 31.A:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that Law.

5. Choice of Venue. The following sentence is added to the end of Section 31.B.:

Notwithstanding the foregoing, Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. Statute of Limitations. The following sentence is added to the end of Section 31.C.:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

7. Representations. The following sentence is added to the end of Section 33:

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Representations in this Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

8. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

**ADDENDA REQUIRED BY
THE STATE OF MINNESOTA**

**ADDENDUM TO THE EARL OF SANDWICH RESTAURANT
DEVELOPMENT AGREEMENT
REQUIRED FOR MINNESOTA DEVELOPERS**

This Addendum to the Earl of Sandwich Restaurant Development Agreement dated _____ between Earl of Sandwich (USA), LLC (“EOS”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Minnesota; **(B)** Developer is a resident of the State of Minnesota; and/or **(C)** part or all of the Development Territory is located in the State of Minnesota.
2. Releases. The following sentence is added to the end of Sections 10.B.(5) and 11:

Notwithstanding the foregoing, Developer will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.
3. Injunctive Relief. Section 12.B.(1)(i) is deleted and replaced with the following statement:

Developer’s use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which EOS would be entitled to all legal and equitable remedies, including the right to seek injunctive relief.
4. Termination. The following sentence is added to the end of Section 13.A.:

With respect to franchises governed by Minnesota law, EOS will comply with Minnesota Statute § 80C.14, Subdivisions 3, 4, and 5 which require, except in certain 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 franchise agreements.
5. Choice of Venue. The following sentences are added to the end of Sections 22.A-B.:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit EOS from requiring litigation to be conducted outside Minnesota. In addition, nothing in our disclosure document or agreements can abrogate or reduce any of Developer’s rights as provided for in Minnesota Statutes, Chapter 80C, or Developer’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
6. Waiver of Jury Trial. The second sentence of Section 22.D. is deleted and replaced with the following sentence:

DEVELOPER AND EOS WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS.

7. Injunctive Relief. The second sentence of Section 23.E. is deleted and replaced with the following sentence:

Therefore, Developer agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Developer, EOS shall be entitled to seek injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance. A court will determine if a bond or security must be posted.

8. Representations – Waiver of Jury Trial. Section 24.M. is deleted.

9. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

DEVELOPER: _____

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE EARL OF SANDWICH RESTAURANT
FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES**

This Addendum to the Earl of Sandwich Restaurant Franchise Agreement dated _____ between Earl of Sandwich (USA), LLC (“EOS”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of Minnesota; **(B)** Franchisee is a resident of the State of Minnesota; and/or **(C)** the Franchised Restaurant will be located and/or operated, and/or all or part of the Protected Area will be located, in the State of Minnesota.
2. Releases. The following sentence is added to the end of Sections 2.B.(2)(e), 19.B.(5) and 20:

Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.
3. Non-Renewal. The following sentence is added to the end of Section 2.B.:

With respect to franchises governed by Minnesota law, EOS will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of franchise agreements.
4. Indemnification. The following sentence is added at the end of Section 15:

Notwithstanding the foregoing, EOS will indemnify Franchisee against liability to a third party resulting from claims that Franchisee’s use of a Proprietary Mark infringes trademark rights of a third party; provided, that EOS will not indemnify against the consequences of Franchisee’s use of the Proprietary Marks unless the use is in accordance with the requirements of this Agreement and the System.
5. Injunctive Relief. Section 21.B.(1)(i) is deleted and replaced with the following statement:

Franchisee’s use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which EOS would be entitled to all legal and equitable remedies, including the right to seek injunctive relief.
6. Termination. The following sentence is added to the end of Section 22:

With respect to franchises governed by Minnesota law, EOS will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of franchise agreements.

7. Choice of Venue. The following sentences are added to the end of Sections 31.A.-B.:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit EOS from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreements can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
8. Waiver of Jury Trial. The second sentence of Section 31.D. is deleted and replaced with the following sentence:

Franchisee and EOS waive, to the fullest extent permitted by law, the right to bring, or be a class member in, any class action suits.
9. Injunctive Relief. The second sentence of Section 32.E. is deleted and replaced with the following sentence:

Therefore, Franchisee agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisee, EOS shall be entitled to seek injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance. A court will determine if a bond or security must be posted.
10. Waiver of Jury Trial. Section 33.O. is deleted.
11. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

**ADDENDA REQUIRED BY
THE STATE OF NEW YORK**

**ADDENDUM TO THE EARL OF SANDWICH RESTAURANT
DEVELOPMENT AGREEMENT
REQUIRED FOR NEW YORK DEVELOPERS**

This Addendum to the Earl of Sandwich Restaurant Development Agreement dated _____ (“Development Agreement”) between Earl of Sandwich (USA), LLC (“EOS”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of New York; **(B)** Developer is a resident of the State of New York; and/or **(C)** part or all of the Development Territory is located in the State of New York.
2. Any provision in the Development Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695, may not be enforceable.
3. The following sentence is added to Section 9:

EOS will not assign its rights under this Agreement, except to an assignee who in EOS’s good faith and judgment is willing and able to assume EOS’s obligations under this Agreement.
4. The following sentence is added to the end of Sections 10.B.(5) and 11:

Any provision in this Agreement requiring Developer to sign a general release of claims against EOS does not release any claim Developer may have under New York General Business Law, Article 33, Sections 680-695.
5. The following sentence is added to the end of Sections 12.B.(1) and 23.E.:

EOS’s right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.
6. The following sentence is added to the end of Section 22.A.:

Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.
7. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

DEVELOPER: _____

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE EARL OF SANDWICH RESTAURANT
FRANCHISE AGREEMENT
REQUIRED FOR NEW YORK FRANCHISEES**

This Addendum to the Earl of Sandwich Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) between Earl of Sandwich (USA), LLC (“EOS”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of New York; **(B)** Franchisee is a resident of the State of New York; and/or **(C)** the Franchised Restaurant will be located and/or operated, and/or all or part of the Protected Area will be located, in the State of New York.
2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695, may not be enforceable.
3. The following sentence is added to the end of Sections 2.B.(2)(e), 19.B.(5) and 20:

Any provision in this Agreement requiring Franchisee to sign a general release of claims against EOS does not release any claim Franchisee may have under New York General Business Law, Article 33, Sections 680-695.
4. The following sentence is added to Section 18:

EOS will not assign its rights under this Agreement, except to an assignee who in EOS’s good faith and judgment is willing and able to assume EOS’s obligations under this Agreement.
5. The following sentence is added to the end of Sections 21.B.(1) and 32.E.:

EOS’s right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.
6. The following sentence is added to the end of Section 31.A.:

Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.
7. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

ADDENDA REQUIRED BY
THE STATE OF NORTH DAKOTA

**ADDENDUM TO THE EARL OF SANDWICH RESTAURANT
DEVELOPMENT AGREEMENT
REQUIRED FOR NORTH DAKOTA DEVELOPERS**

This Addendum to the Earl of Sandwich Restaurant Development Agreement dated _____ (“Development Agreement”) between Earl of Sandwich (USA), LLC (“EOS”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of North Dakota; **(B)** Developer is a resident of the State of North Dakota; and/or **(C)** part or all of the Development Territory is located in the State of North Dakota.
2. Releases. The following sentence is added to the end of Sections 10.B.(5) and 11:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.
4. Liquidated Damages. The following sentence is added to the end of Section 12.D:

EOS and Developer acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, EOS and Developer agree to enforce the provision to the extent the law allows.
5. Covenants Not To Compete. The following sentence is added to the end of Section 12.C.:

Covenants not to compete are generally considered unenforceable in the State of North Dakota; however, EOS will enforce the covenants to the maximum extent the law allows.
6. Choice of Law. The following sentence is added to the end of Section 22.A:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will apply to claims arising under the North Dakota Franchise Investment Law.
7. Choice of Venue. The following sentence is added to the end of Section 22.B.:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, Developer may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.
8. Statute of Limitations. The following sentence is added to the end of Section 22.C:

Notwithstanding the foregoing, the statute of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.
9. Jury Trial Waiver. To the extent required by the North Dakota Franchise Investment Law, Section 24.M. of the Agreement is deleted. The last sentence of Section 22.D. is deleted and replaced with the following:

DEVELOPER AND EOS WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTIONS SUITS.

10. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

DEVELOPER: _____

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE EARL OF SANDWICH RESTAURANT
FRANCHISE AGREEMENT
REQUIRED FOR NORTH DAKOTA FRANCHISEES**

This Addendum to the Earl of Sandwich Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) between Earl of Sandwich (USA), LLC (“EOS”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of North Dakota; **(B)** Franchisee is a resident of the State of North Dakota; and/or **(C)** the Franchised Restaurant will be located and/or operated, and/or all or part of the Protected Area will be located, in the State of North Dakota.
2. Releases. The following sentence is added to the end of Sections 2.B.(2)(e), 19.B.(5) and 20:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.
4. Liquidated Damages. The following sentence is added to the end of Section 21.D:

EOS and Franchisee acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, EOS and Franchisee agree to enforce the provision to the extent the law allows.
5. Covenants Not To Compete. The following sentence is added to the end of Section 21.C.:

Covenants not to compete are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.
6. Choice of Law. The following sentence is added to the end of Section 31.A:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will apply to claims arising under the North Dakota Franchise Investment Law.
7. Choice of Venue. The following sentence is added to the end of Section 31.B.:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, Franchisee may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.
8. Statute of Limitations. The following sentence is added to the end of Section 31.C:

Notwithstanding the foregoing, the statute of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

9. Early Termination Damages and Jury Trial Waiver. To the extent required by the North Dakota Franchise Investment Law, Sections 23.D. and 33.O. of the Agreement are deleted. The last sentence of Section 31.D. is deleted and replaced with the following:

FRANCHISEE AND EOS WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTIONS SUITS.

10. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

ADDENDA REQUIRED BY
THE STATE OF RHODE ISLAND

**ADDENDUM TO THE EARL OF SANDWICH RESTAURANT
DEVELOPMENT AGREEMENT
REQUIRED FOR RHODE ISLAND DEVELOPERS**

This Addendum to the Earl of Sandwich Restaurant Development Agreement dated _____ (“Development Agreement”) between Earl of Sandwich (USA), LLC (“EOS”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Rhode Island; **(B)** Developer is a resident of the State of Rhode Island; and/or **(C)** part or all of the Development Territory is located in the State of Rhode Island.
2. The following language is added to Section 22.A and 22.B:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”
3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

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IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

DEVELOPER: _____

By: _____

Print Name: _____

Title: _____

**ADDENDUM TO THE EARL OF SANDWICH RESTAURANT
FRANCHISE AGREEMENT
REQUIRED FOR RHODE ISLAND FRANCHISEES**

This Addendum to the Earl of Sandwich Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) between Earl of Sandwich (USA), LLC (“EOS”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of Rhode Island; **(B)** Franchisee is a resident of the State of Rhode Island; and/or **(C)** the Franchised Restaurant will be located and/or operated, and/or all or part of the Protected Area will be located, in the State of Rhode Island.
2. The following language is added to Section 31.A and 31.B:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”
3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

ADDENDA REQUIRED BY THE STATE OF WASHINGTON

**WASHINGTON ADDENDUM TO THE EARL OF SANDWICH RESTAURANT
DEVELOPMENT AGREEMENT, COMPLIANCE QUESTIONNAIRE,
AND ANY RELATED AGREEMENTS**

This Addendum to the Earl of Sandwich Restaurant Development Agreement dated _____ (“Development Agreement”) between Earl of Sandwich (USA), LLC (“EOS”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Washington; **(B)** Developer is a resident of the State of Washington; and/or **(C)** part or all of the Development Territory is located in the State of Washington.
2. The state of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19.100.180 (“Act”), which may supersede this Agreement in Developer’s relationship with EOS, including in the areas of termination and renewal of Developer’s franchise. There also may be court decisions that may supersede this Agreement in Developer’s relationship with EOS, including in the areas of termination and renewal of Developer’s franchise.
3. In the event of a conflict of laws, the provisions of the Act shall prevail.
4. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Development Agreement, Developer may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.
5. A release or waiver of rights executed by Developer may not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. Transfer fees are collectable to the extent that they reflect EOS’s reasonable estimated or actual costs in effecting a transfer.
7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of Developer, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of Developer under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
8. RCW 49.62.060 prohibits EOS from restricting, restraining, or prohibiting Developer from (i) soliciting or hiring any employee of a franchisee of EOS or (ii) soliciting or hiring any employee

of EOS. As a result, any such provisions contained in the Development Agreement or elsewhere are void and unenforceable in Washington.

9. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

DEVELOPER: _____

By: _____

Print Name: _____

Title: _____

**WASHINGTON ADDENDUM TO THE EARL OF SANDWICH RESTAURANT
FRANCHISE AGREEMENT, COMPLIANCE QUESTIONNAIRE,
AND ANY RELATED AGREEMENTS**

This Addendum to the Earl of Sandwich Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) between Earl of Sandwich (USA), LLC (“EOS”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of Washington; **(B)** Franchisee is a resident of the State of Washington; and/or **(C)** the Franchised Restaurant will be located and/or operated, and/or all or part of the Protected Area will be located, in the State of Washington.
2. The state of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19.100.180 (“Act”), which may supersede this Agreement in Franchisee’s relationship with EOS, including in the areas of termination and renewal of Franchisee’s franchise. There also may be court decisions that may supersede this Agreement in Franchisee’s relationship with EOS, including in the areas of termination and renewal of Franchisee’s franchise.
3. In the event of a conflict of laws, the provisions of the Act shall prevail.
4. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, Franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.
5. A release or waiver of rights executed by Franchisee may not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. Transfer fees are collectable to the extent that they reflect EOS’s reasonable estimated or actual costs in effecting a transfer.
7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of Franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of Franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
8. RCW 49.62.060 prohibits EOS from restricting, restraining, or prohibiting Franchisee from (i) soliciting or hiring any employee of a franchisee of EOS or (ii) soliciting or hiring any employee

of EOS. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

9. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

EXHIBIT K

GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (“Release”) is executed on _____ by _____ (“Franchisee”) and _____ (“Guarantors”) as a condition of (1) transfer of the Earl of Sandwich Restaurant Development Agreement dated _____ (“Development Agreement”) between Franchisee and Earl of Sandwich (USA), LLC (“EOS”); or (2) transfer or renewal of the Earl of Sandwich Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) between Franchisee and EOS.

1. Release by Franchisee and Guarantors. Franchisee (on behalf of itself and its subsidiaries and affiliates) and Guarantors (on behalf of themselves and their heirs, representatives, successors and assigns) (collectively “Releasers”) freely and without any influence forever release and covenant not to sue EOS, its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, from any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively “Claims”), that Releasers ever owned or held, now own or hold or may in the future own or hold, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, claims for contribution, indemnity and/or subrogation, and claims arising out of, or relating to the [Development/Franchise] Agreement and all other agreements between Franchisee and/or any Guarantor and EOS or its parent, subsidiaries or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. Risk of Changed Facts. Franchisee and Guarantors understand that the facts in respect of which the Release in Section 1 above is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the Release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. No Prior Assignment. Franchisee and Guarantors represent and warrant that the Releasers are the sole owners of all Claims and rights released hereunder and that Releasers have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above.

4. Covenant Not To Sue. Franchisee and Guarantors (on behalf of Releasers) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 above with respect to any Claim released under Section 1 above.

5. Complete Defense. Franchisee and Guarantors: **(i)** acknowledge that this Release shall be a complete defense to any Claim released under Section 1 above; and **(ii)** consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. Successors and Assigns. This Release will inure to the benefit of and bind the successors, assigns, heirs and personal representatives of EOS and each Releaser.

IN WITNESS WHEREOF, Franchisee and Guarantors have executed this Release as of the date shown above.

ATTEST:

Print Name: _____

FRANCHISEE:

Print Name: _____

Title _____

Date: _____

WITNESS:

Print Name: _____

GUARANTOR:

Date: _____

WITNESS:

Print Name: _____

GUARANTOR:

Date: _____

EXHIBIT L

LISTS OF FRANCHISEES

LIST OF FRANCHISED RESTAURANTS AS OF DECEMBER 26, 2021

Franchisee	Restaurant Address	City	State	Zip	Phone	Contact
Westoasters, Inc.	18080 Chatsworth Street #2B	Granada Hills	CA	91344	818-360-6706	Darren Chu
Ubites, Inc.	4803 East 2 nd St.	Huntington Beach	CA	90803	562-343-7740	Tanya Quatch
Planet Express (LAX), LLC	Los Angeles International Airport Tom Bradley International Terminal, Space T04 380 World Way	Los Angeles	CA	90045	323-451-1004	David Gonzales
Yelme, LLC	350 S. Grand Ave. Ste. D5	Los Angeles	CA	90071	562-343-774	Tanya Quatch
JAJ Group, Inc.	690 First Ave.	San Diego	CA	92101	619-241-2241	Alan Nguyen
Bearman I, Inc.	1 Market Street South, Unit 20	San Jose	CA	95113	408-722-7645	Trang Nguyen
Rincon Band of Luiseno Indians, dba Harrah's Southern California	Harrah's Resort Southern California 777 Harrah's Rincon Way	Valley Center	CA	92082	760-751-3210	Shannon Upson
Areas USA FLTP, LLC	Florida Turnpike Mile Marker 94 W. Palm Beach Travel Plaza	Lake Worth	FL	33467	305-267-8510	Kirk Weiss
Areas USA MIA, LLC	Miami International Airport 6984 NW 12th St.	Miami	FL	33126	305-267-8510	Kirk Weiss
Areas USA FLTP, LLC	Florida Turnpike Mile Marker 184 Ft. Drum Service Plaza	Okeechobee	FL	34972	305-267-8510	Kirk Weiss
Areas USA FLTP, LLC	Florida Turnpike Mile Marker 145 Ft. Pierce Service Plaza	Port St. Lucie	FL	34984	305-267-8510	Kirk Weiss
Emel Restaurant Corp	2223 North Westshore Blvd.	Tampa	FL	33607	813-879-1762	Vittorio Jattan
Regal Restaurants, LLC	Phipps Plaza Box E-16 3500 Peachtree Rd. NE	Atlanta	GA	30326	404-855-5278	Alex Espalin
ST Investments, Inc.	3775 N. Eagle Rd.	Meridian	ID	83646	208-855-2127	Steven Eddy
Areas USA MDTP, LLC	Chesapeake House I-95 JFK Memorial Hwy. Mile Post 97	Port Deposit	MD	21901	305-267-8510	Kirk Weiss
The Tribal Casino Gaming Enterprise	Harrah's Cherokee Casino Resort 777 Casino Dr.	Cherokee	NC	28719	828-497-8713	Ray Rose

Franchisee	Restaurant Address	City	State	Zip	Phone	Contact
The Tribal Casino Gaming Enterprise	Harrah's Cherokee Valley River Casino & Hotel 777 Casino Pkwy.	Murphy	NC	28906	828-422-7777	Ray Rose
Areas USA EWR, LLC	Newark Liberty Int'l Airport Terminal 2 1 Hotel Rd.	Newark	NJ	07114	305-267-8510	Kirk Weiss
Hot Sandwich Enterprises, LLC	3200 South Las Vegas Blvd., Space 1610	Las Vegas	NV	89109	725-220-6416	Aman Singh
Ruhi, Inc.	2010 Festival Plaza Dr., Ste. 180	Las Vegas	NV	89135	725-220-6416	Aman Singh
Ramar Inc.	6470 South Rainbow Blvd.	Las Vegas	NV	89118	702-417-6393	Rodolfo Posis
Midfield Concession Enterprises, Inc.	Terminal D 8500 Essington Ave.	Philadelphia	PA	19153	215-365-3633	Samir Mashni
B.Y. Development, Inc.	Cadillac Jack's Gaming Resort 372 Main St.	Deadwood	SD	57732	605-431-3160	Paul Bradsky
AMAAA, LLC	11824 Indiana Avenue	Lubbock	TX	79423	806-775-6071	Abel Rodriguez

LIST OF FRANCHISEES THAT HAVE SIGNED A FRANCHISE AGREEMENT BUT THE FRANCHISED RESTAURANT IS NOT YET OPEN AS OF DECEMBER 26, 2021

Franchisee	Restaurant Address	City	State	Zip	Phone	Contact
CAP EG EOS LLC	8234 Laguna Boulevard, Suite 140	Elk Grove	CA	95758	916-204-9601	Cuong Pham & Thanh Pham
Doshi-Sankari Corp.	TBD (1 restaurant)	Irvine	CA	TBD	626-999-7047	Sami Sankari
Ramon S. Barredo Investments, Inc.	TBD (1 restaurant)	Ontario	CA	TBD	626-831-1748	Ramon Barredo
JAJ Group, Inc.	TBD (1 restaurant)	Pasadena	CA	TBD	626-348-4996	Alan Nguyen
Bearman II, Inc.* **	213 King Street	San Francisco	CA	94107	408-722-7645	Trang Nguyen
Cuyamaca Petroleum, LLC	8617 Cuyamaca St.	Santee	CA	92017	619-224-7595	Christopher Salem
Ting Developments, LLC	TBD (1 restaurant)	TBD	CA	TBD	319-929-0586	Thomas Ting
LEW, LLC	TBD (3 restaurants)	TBD	FL	TBD	909-860-3558	Paul Lee
TEJ, LLC	164 Fall Creek Dr.	Branson	MO	65616	417-423-9226	Ash Patel
Hot Sandwich Enterprises, LLC	TBD (1 restaurant)	Clark County	NV	TBD	714-396-1003	Aman Singh

Franchisee	Restaurant Address	City	State	Zip	Phone	Contact
RAMAR Inc.	TBD (1 restaurant)	TBD	NV	TBD	702-417-6393	Rodolfo Posis
Strawberry Fields Forever, LLC**	3581 North Zaragoza Road, Suite 13207	El Paso	TX	79938	915-203-6018	Kenji Shigematsu

*Opened December 31, 2021

** Developer

LIST OF DEVELOPERS AS OF DECEMBER 26, 2021

Developer	Development Area	Phone Number	Contact Person
Bearman I, Inc.	Certain areas within Santa Clara County, CA excluding some areas within the zip code 95132	408-722-7645	Trang Nguyen
Westoasters, Inc.	Certain areas within San Fernando Valley, CA	747-900-6175	Darren Chu
KE Restaurants, LLC	Certain areas within Beverly Hills and West Hollywood, CA	310-345-7917	Ted Gartner
Strawberry Fields Forever, LLC	El Paso and Hudspeth Counties, TX	915-203-6018	Kenji Shigematsu

LIST OF FRANCHISEES THAT TRANSFERRED A FRANCHISE OR HAD A FRANCHISE AGREEMENT TERMINATED OR NOT RENEWED AS OF DECEMBER 26, 2021

Franchisee	City	ST	Phone Number	Contact Person
KE Restaurants, LLC	Los Angeles	CA	310-345-7917	Ted Gartner
Regal Restaurants, LLC	Atlanta	GA	404-585-8592	Alex Espalin
KAR Dining Group, LLC	Granger	IN	646-407-8049	Kim Kieft
OKAY, LLC	Las Vegas	NV	702-750-2005	Rey Robledo
Desert Palace, Inc., dba Caesars Palace	Las Vegas	NV	702-731-7686	Dirk Siem

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

EXHIBIT M

VETERANS ADDENDUM TO THE FRANCHISE AGREEMENT

**VETERANS PROGRAM ADDENDUM
TO THE EARL OF SANDWICH RESTAURANT FRANCHISE AGREEMENT**

This Veterans Addendum to the Earl of Sandwich Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) between Earl of Sandwich (USA), LLC (“EOS”), a Florida limited liability company, and _____ (“Franchisee”), a _____, is entered into as of the __ day of _____, 20__.

RECITALS

In order to recognize the contribution of United States military personnel, attract new franchisees and encourage the development of franchised Earl of Sandwich restaurants (“Earl of Sandwich Restaurants”), EOS has implemented a veterans incentive program (“Veterans Program”) for qualified veteran franchisees that develop and open new Earl of Sandwich Restaurants.

Franchisee (or if Franchisee is an entity, a holder of at least a 51% ownership in Franchisee) is a veteran and has provided EOS with a DD Form 214 or other adequate documentation, as determined by EOS, demonstrating honorable discharge from the United States military.

Franchisee does not currently operate any Earl of Sandwich Restaurants.

Since Franchisee’s development of the Earl of Sandwich Restaurant to be located at _____ (“Restaurant”) meets the criteria for the Veterans Program, EOS and Franchisee are entering into this Addendum to provide the Veterans Program benefits to Franchisee and to modify certain provisions of the Franchise Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Application Fee Reduction. Notwithstanding the provisions of the Data Sheet and Section 7.A.(2) of the Franchise Agreement, Franchisee shall pay a reduced Application Fee to EOS in the amount of \$5,000.
2. Repayment of Reduced Application Fee on Transfer or Termination. If, prior to the first anniversary of the opening date of the Restaurant, (a) Franchisee transfers the Restaurant; or (b) EOS terminates the Franchise Agreement, then Franchisee must pay to EOS the portion of the Application Fee that was waived by EOS in the amount of \$5,000.
3. Capitalized Terms. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
4. Limited Modification. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[Signature Page Follows.]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

EOS:
EARL OF SANDWICH (USA), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

EXHIBIT N

STATE EFFECTIVE DATES

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:

STATES	EFFECTIVE DATE
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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

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 Earl of Sandwich (USA), LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, Earl of Sandwich (USA), LLC or its affiliate in connection with the proposed sale or sooner if required by applicable state law.

New York requires that Earl of Sandwich (USA), LLC give you this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that Earl of Sandwich (USA), LLC give you this disclosure document at the earliest of the first personal meeting or 14 calendar days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Michigan requires that Earl of Sandwich (USA), LLC give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Earl of Sandwich (USA), LLC 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 applicable state agency listed in Exhibit A.

The franchisor is Earl of Sandwich (USA), LLC, located at 4700 Millenia Boulevard, Suite #400, Orlando, FL 32839. Its telephone number is (407) 903-2989.

Issuance date: December 8, 2022

Our franchise sellers include the following employees of Earl of Sandwich (USA), LLC, 4700 Millenia Boulevard, Suite #400, Orlando, FL 32839, (407) 903-2989:

- | | |
|--|---|
| ☐ John Thall – President | ☐ Robert Earl – Chairman |
| ☐ Thomas Avallone – Treasurer | ☐ Christopher Kennedy - Vice President, Non-Traditional Business |
| ☐ Jeffrey Sirolly – General Counsel and Secretary | |

Earl of Sandwich (USA), LLC authorizes the respective state agencies identified on Exhibit A to receive service of process of it in the particular state.

I have received a disclosure document dated December 8, 2022 that included the following exhibits:

- | | |
|---|---|
| A. List of State Administrators and Agents for Service of Process | H. Financial Statements |
| B. Confidentiality Agreement | I. State Specific Addenda to the FDD |
| C. Agreement Request Form | J. State Specific Addenda to the Agreements |
| D. Development Agreement | K. General Release |
| E. Franchise Agreement | L. Lists of Franchisees |
| F. NT Location Addendum | M. Veterans Addendum to the Franchise Agreement |
| G. Manual Table of Contents | N. State Effective Dates |
| | O. Receipts |

Date of Receipt: _____

Signature

Print Name

Company Name

Street Address

Telephone Number

City, State

Zip Code

RECEIPT

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|--|---|
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| F. NT Location Addendum | M. Veterans Addendum to the Franchise Agreement |
| G. Manual Table of Contents | N. State Effective Dates |
| | O. Receipts |

Date of Receipt: _____

Signature

Print Name

Company Name

Street Address

Telephone Number

City, State

Zip Code