

FRANCHISE DISCLOSURE DOCUMENT



OOO, Inc. d/b/a Extreme Pizza

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OOO, Inc. dba Extreme Pizza franchises the right to operate a restaurant under the name “EXTREME PIZZA™.”

The total investment necessary to begin operating a single Franchised Restaurant ranges from \$330,200-\$787,000. This includes the \$40,000 initial franchise fee payable to OOO, Inc. or its affiliate(s) before opening.

Extreme Pizza also offers to qualified individuals the right to develop multiple Franchised Restaurants under an Area Development Agreement. If you enter into an Area Development Agreement, to develop at least three Restaurants, the total investment necessary to begin operating an Area Development Business will vary depending upon the number of Franchised Restaurants we agree you will open in your designated territory (the “Development Area”). For example, the estimated initial investment for an Area Development Business that provides for the opening of three Franchised Restaurants is \$357,300 to \$816,100. You must pay the full initial franchise fee for your first Franchised Restaurant (\$40,000), and 1/2 of the reduced initial franchise fee for each additional Franchised Restaurant we allow you to open in the Development Area when you sign the Area Development Agreement (“Area Development Fee”) that must be paid to OOO, Inc. or its affiliate(s). The remainder of the initial franchise fee for each additional Franchised Restaurant shall be due and payable when you sign a franchise agreement for the additional Franchised Restaurant.

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 the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our corporate office at 1062 Folsom Street, San Francisco, CA 94103, or via telephone at (415) 760-2203.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

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

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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 H.
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 C 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 Extreme Pizza business in my area?	Item 12 and the "territory" provisions in the franchise agreement and multi-unit operator 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 Extreme Pizza franchisee?	Item 20, Exhibit H 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 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 Addendum. See the Table of Contents for the location of the State Specific Addendum.

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 area developer agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California 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 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.
- 3) **Mandatory Minimum Payments** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
- 4) **Financial Condition** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addendum" (if any) to see whether your state requires other risks to be highlighted.

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
ITEM 1	1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES.....	1
ITEM 2	4
BUSINESS EXPERIENCE	4
ITEM 3	4
LITIGATION.....	4
ITEM 4	4
BANKRUPTCY	4
ITEM 5	4
INITIAL FEES.....	4
ITEM 6	5
OTHER FEES	5
ITEM 7	12
ESTIMATED INITIAL INVESTMENT	12
ITEM 8	14
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	14
ITEM 9	18
FRANCHISEE’S OBLIGATIONS.....	18
ITEM 10	19
FINANCING.....	19
ITEM 11	19
FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	19
ITEM 12	28
TERRITORY	28
ITEM 13	30
TRADEMARKS	30
ITEM 14	32
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	32
ITEM 15	33
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	33

ITEM 16.....	34
RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL	34
ITEM 17.....	35
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	35
ITEM 18.....	48
PUBLIC FIGURES	48
ITEM 19.....	48
FINANCIAL PERFORMANCE REPRESENTATIONS	48
ITEM 20.....	51
LIST OF OUTLETS.....	51
ITEM 21.....	54
FINANCIAL STATEMENTS	54
ITEM 22.....	54
CONTRACTS.....	54
ITEM 23.....	54
RECEIPTS	54

EXHIBITS

- A – List of State Administrators/Agents for Service of Process
- B – Table of Contents of Operations Manual
- C – Financial Statements
- D – Franchise Agreement
- E – Area Development Agreement
- F – Sample Termination and Release Agreement
- G – State Specific Addenda
- H – Outlets and Franchisee Information
- I - Franchisee Acknowledgement Statement
 - State Effective Dates
 - Receipts

Item 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

Company

To simplify the language in this Franchise Disclosure Document, “Company,” “we,” “OOC,” “Extreme Pizza” or “us” means OOC, Inc. d/b/a Extreme Pizza, the franchisor of this business. “You” means the person who buys the franchise offering, and includes your owners if you are a corporation or other business entity.

Company’s Business Activities and the Franchised Business

We were incorporated in the state of California on February 14, 1994. Our principal business address is 1062 Folsom Street, San Francisco, CA 94103. We do business under our corporate name, OOC, Inc., and our trade name “Extreme Pizza”. We are in the business of selling franchises to operate restaurants offering pizza and other pizzeria-type foods and services. We began offering franchises in 2000. We own and operate one business of the type being franchised. We opened the first Extreme Pizza restaurant in 1994.

Extreme Pizza has developed a system for the operation of restaurant facilities under the mark “Extreme Pizza” that: (a) provides on-premises dining as well as carry-out and/or delivery services, featuring gourmet pizza products, other entrees, salads, desserts and other food and beverage products, all prepared in accordance with specified recipes and procedures (“Menu Items”); (b) has developed and continues to further develop a proprietary line of food products as part of the Menu Items including special sauces and marinades, special dessert recipes and special spice mixes (“Trade Secret Food Products”); and (c) may develop and offer and sell to you for retail sale to your customers an assortment of private-labeled apparel and related products and merchandise bearing the Extreme Pizza trademark and logo (“Trademarked Product Lines”), all of which may be changed by us from time to time (collectively, the “Franchised Restaurant”). Franchised Restaurants may offer beer, spirits and wine, if permitted by applicable law. We have never offered franchises in any other line of business and have not conducted business in any other line of business.

The distinguishing characteristics of this system (the “System”) include: (a) distinctive exterior and interior layout, design and color scheme; (b) exclusively designed signage, decorations, furnishings and materials; (c) special recipes, formulae, menus and food and beverage designations; (d) Trade Secret Food Products; (e) the EXTREME PIZZA Confidential Operations Manual; (f) the EXTREME PIZZA Proprietary Software Program, if developed; (g) EXTREME PIZZA Trademarked Product Lines; (h) food and beverage storage, preparation and service procedures and techniques; (i) operating procedures for sanitation and maintenance; and (j) methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion and advertising. All of these distinguishing characteristics may be periodically changed, improved and further developed by us.

As stated, we identify our Franchised Restaurant and System using certain trade names, services marks, trademarks, logos, emblems and indicia of origin including, but not limited to, the mark “Extreme Pizza®,” distinctive trade dress and any other trade names, trademarks and service marks as we now or in the future may designate in writing for use in connection with the System (the “Marks”). We continue to develop, use, and control the use of any Marks to identify for the public the source of products and services marketing under the System, and to represent the System’s high standards of quality, appearance and service.

Multiple Unit Offerings

In addition to granting franchises for the operation of a single Franchised Restaurant, we offer qualified individuals the right to open multiple Franchised Restaurants in a designated area through an Area Development Agreement.

In certain circumstances, we will offer to you the right to sign an Area Development Agreement to develop three or more franchised Restaurants within a specific geographic territory (the “Development Area”) and you must open the Restaurants according to a development schedule. We will determine the Development Area before you sign the Area Developer Agreement and it will be included in the Area Developer Agreement, Exhibit E to this Disclosure Document. The size of the Development Area will vary depending upon local market conditions and the number of Restaurants to be developed. You may not open a Restaurant for business until a fully executed Franchise Agreement is in place for that Restaurant and the initial franchise fee has been fully paid.

You will sign a separate Franchise Agreement for each Restaurant established under the Area Development Agreement. The Franchise Agreement for the first Restaurant developed under the Area Developer Agreement will be in the form attached as Exhibit D to this Disclosure Document, and we expect that this Franchise Agreement for your first Restaurant will be signed at the same time as the Area Developer Agreement. You may be required to sign a then-current franchise agreement for each additional Restaurant, which may differ from the current franchise agreement included within this FDD.

We have, in the past, offered area representative opportunities, which is the opportunity to solicit and service franchisees of ours within a specific area and, in turn, earn a portion of the fees paid to us for soliciting and servicing these franchisees. If there is an area representative for the area where you establish your Franchised Restaurant, the area representative will be listed on Exhibit H to this Disclosure Document.

Parents, Predecessors and Affiliates

We have no parent companies or predecessors.

Agents for Service of Process

Our agents for service of process are listed in Exhibit A.

Market and Competition

People of all ages consume the products offered by Extreme Pizza restaurants on a year-round basis. The market for Extreme Pizza’s products includes individuals seeking both traditional pizzas and a gourmet alternative for dining in, takeout, and delivery. A large share of your market will be derived from individuals seeking home and office delivery of pizzas, salads, calzones and related products. This market is fairly developed, and the goods and services offered are not seasonal in nature.

Your competitors include other restaurants offering gourmet and traditional pizzas and related products as well as other restaurants and food retailers located in your market area. Some of your competitors may include Extreme Pizza restaurants operated by other franchisees or by us.

Industry Specific Regulations

The restaurant industry is heavily regulated. A wide variety of Federal, state and local laws, rules and regulations have been enacted that may impact the operation of your Restaurant, and may include those

which: (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the Restaurant's premises; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants and laws and regulations relating to access by persons with disabilities; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; available of and requirements for public accommodations and requirements for fire safety and general emergency preparedness; (d) establish requirements for food identification and labeling; and (e) regulate advertisements. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. You should investigate whether any regulations and requirements may apply in the geographic area in which you are intend to locate your Restaurant and you should consider both their effect and costs.

Many of the laws, rules and regulations that apply to business generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to restaurants. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and state and local health departments administer and enforce laws and regulations that govern food preparation and service, as well as restaurant sanitary conditions. The federal Clean Air Act and various state implementing laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims. NLEA applies to virtually all foods in the food supply, including food served and sold in restaurants. While NLEA specifies a number of exemptions for restaurants, there are many instances where a nutritional label is required. The Food and Drug Administration's *Nutritional Labeling Guide for Restaurants and Other Retail Establishments* provides answers to commonly asked questions regarding the application of NLEA.

You must identify, investigate, satisfy and comply with all laws, ordinances and/or regulations applicable to your Restaurant, including employment, workers' compensation, insurance, corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time and may affect the operation of your Restaurant. You should independently research and review the legal requirements of the food services industry with your own attorney before you sign any binding documents or make any investments.

You also may offer beer, spirits and wine for sale at your Restaurant, if permitted by applicable law. You must comply with any federal, state, county, municipal, or other local laws and regulations relating to beer, spirits and wine that may apply to your Franchised Restaurant. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Restaurant. You must obtain any applicable real estate permits (such as zoning), real estate licenses, beer, spirits and wine licenses and operational licenses.

You must have your license to offer beer, spirits and wine before you open the Restaurant. The difficulty and cost of obtaining a beer, spirits and wine license and the procedures for securing the license vary greatly from area to area. There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages. In addition, state "dram shop" laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol.

Each of your managers and other employees we designate must be ServSafe (or similar) certified. Certain managers and other employees we designate (including bartenders) must also complete alcohol awareness or TIPS training.

Item 2
BUSINESS EXPERIENCE

Todd Parent, Founder and CEO

Todd Parent is the founder of the Extreme Pizza concept. He has held the title of CEO with us since our inception in February 1994.

Suzanne Duhig, Executive Vice President

Suzanne Duhig is our Executive Vice President and has held other titles with us since December 1995.

Nicole Lomonaco – Director of Marketing

Nicole Lomonaco has held this title with us since 2014.

Item 3
LITIGATION

No litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

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

Item 5
INITIAL FEES

Franchise Agreement

You must pay a \$40,000 lump sum initial franchise fee when you sign a Franchise Agreement to operate a single Franchised Restaurant. The initial franchise fee is deemed fully earned and nonrefundable upon payment.

As a thank you to our veterans, we currently offer a veteran's discount of fifty percent (50%) off the initial franchise fee.

Area Development Agreement

If you choose to sign an Area Development Agreement, you must open a minimum of three Extreme Pizza restaurants and you must pay the full non-refundable Initial Franchise Fee for your first Franchised Restaurant, and 1/2 of the reduced Initial Franchise Fee for each additional Franchised Restaurant you will open when you sign the Area Development Agreement ("Area Development Fee"). The remaining portion of the Initial Franchise Fee for each additional Franchised Restaurant shall be due and payable when you sign the Franchise Agreement for that additional Franchised Restaurant. Only Area Developers are entitled to a reduction on the Initial Franchise Fee. For the second Franchised Restaurant,

the Initial Franchise Fee will be reduced to \$30,000, and for the third and each additional Franchised Restaurant, the Initial Franchise Fee will be reduced to \$20,000.

For example, if you choose to open three Franchised Restaurants in your Development Area, you must pay \$40,000 for your first Franchised Restaurant, plus 1/2 of \$30,000 for the right to open a second Franchised Restaurant (or \$15,000), plus 1/2 of \$20,000 for the right to open a third Franchised Restaurant in the Development Area (or \$10,000). This amounts to a total minimum Area Development Fee of \$65,000 payable when you sign the Area Development Agreement for three Franchised Restaurants. The remaining initial franchise fee for your second and third Franchised Restaurants will become due and payable when you sign the franchise agreements for those additional Franchised Restaurants.

There are no other payments to or purchases from us or any affiliate that you must make before you open your Franchised Restaurant.

Item 6
OTHER FEES

<u>Column 1</u> <u>Type of Fee</u>	<u>Column 2</u> <u>Amount</u>	<u>Column 3</u> <u>Due Date</u>	<u>Column 4</u> <u>Remarks</u>
Continuing Services and Royalty Fee	The greater of: 5% of Gross Sales; or (ii) minimum of \$250 per week	Payable weekly from Gross Sales via Electronic Funds Transfer Program ("EFT")	See Notes 1 and 2
Advertising and Development Fund Contribution	1% of Gross Sales.	Deducted Weekly from your Bank Account Via EFT	See Note 3
Local Advertising	Greater of \$24,000 a year or 3.5% of Gross Sales per each calendar quarter.	As Incurred	See Note 4
Collection Costs, Attorney's Fees, Interest	Fees and Costs Incurred/Interest at 18% or Highest Lawful Interest Rate for Commercial Transactions	As Incurred	See Note 5
Insurance	Cost of Insurance. If you fail to maintain your insurance as required, we have the right to procure insurance on your behalf and charge a reasonable fee for expenses we incurred in connection with procuring this insurance.	On demand, if incurred	See Note 6

Column 1 <u>Type of Fee</u>	Column 2 <u>Amount</u>	Column 3 <u>Due Date</u>	Column 4 <u>Remarks</u>
Audit/Inspection Costs	Reasonable cost of inspection/audit (estimated to be between \$1,000 and \$5,000)	As required	See Note 7
Financial Records and Reporting	Cost of Preparing Audited Financial Statements	Annually	See Note 8
Taxes on Payments to Us	Amount of Tax or Assessment	When Imposed by Taxing Authority	See Note 9
Transfer Fee (Franchise Agreement)	25% of the current initial franchise fee	Before consummation of transfer	See Note 10
Transfer Fee (Area Development Agreement)	25% of the Area Development Fee you paid	Before consummation of transfer	See Note 10
Renewal Fee	\$5,000	With your request for renewal	See Note 11
Replacement Manager Training	\$1,500 per person, plus Expenses (meals, travel, lodging)	As incurred	See Note 12
Additional/ Ongoing Training	\$500 per day, plus Expenses (meals, travel, lodging)	As incurred.	See Note 12
Supplier Testing Fee	Reasonable cost of inspection and actual costs of test(s)	As incurred	See Note 14
Liquidated Damages (Franchise Agreement)	\$5,000 per year for each year remaining under the terms of the Franchise Agreement	Due immediately upon termination of the Franchise Agreement	See Note 15
Liquidated Damages (Area Development Agreement)	\$100 per day, up to a maximum of 60 days	On demand, if incurred	See Note 15
Management Fee	\$500 per day	As incurred	See Note 16
Accounting Services Fee	\$250-\$1,000 per month	As incurred.	See Note 17.
Non-Reporting Penalty	\$350 per occurrence	Due upon failure to submit any monthly/quarterly/ yearly profit and loss statements and/or balance sheets	See Note 18.

Column 1 <u>Type of Fee</u>	Column 2 <u>Amount</u>	Column 3 <u>Due Date</u>	Column 4 <u>Remarks</u>
Non-Compliance Penalty	\$350 per occurrence	Due upon failure to comply with any required building or construction mandates or failure to carry required inventory items	See Note 19.
Franchisee Conference Fee	\$250 to \$500 per person, plus expenses	With registration for conference	Expenses include travel, lodging and meals
POS and Software Fees	\$400 to \$870 per month	As incurred	See Note 20. Depending upon number of terminals and store requirements
Refresher and On-going Training Programs	Then-current tuition Currently a five-day program is \$1,000 per trainee	As incurred	We may require you, your manager, and/or your employees' attendance at these programs and/or courses. You must pay for you and your employees' travel, meal, lodging, and wages expenses while attending these programs.
Lease Review Fee	\$500	Within 15 days after we consent to your proposed site	You must provide us a copy of the lease for your proposed restaurant premises for our review and consent before you sign it. Our review is limited to brand protection provisions only. We do not review and negotiate lease terms on your behalf.

Notes:

Note 1. Unless otherwise indicated, all of the fees listed in this Item 6 are uniformly imposed by, payable to, and collected by us, and are non-refundable.

Note 2. Continuing Services and Royalty Fee. Royalties are based on "Gross Sales." "The term "Gross Sales" shall mean and include the total of all sales of food products, beverages, Trademarked Product Lines and other merchandise and products to your customers, whether or not sold or performed at or from the Franchised Restaurant, including third-party delivery companies such as DoorDash, Grubhub, Uber, UberEATS, Waiters-on-Wheels, Delivery.com, Cater-to-Me, EZ-Cater etc., not including refunds or returns, sales tax, use tax, excise tax or service taxes collected and paid to the appropriate taxing authority. Also excluded from Gross Sales is the amount of any documented refunds, charge-backs, credits, and allowances given to customers in good faith and in accordance with our operating procedures. All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided to you by a vendor, supplier, or customer will be valued at the full retail value of the goods or

services provided to you. You must pay us a weekly fee equal to the greater of 5% of your Gross Sales ("Royalty") or the minimum fee of \$250 per week.

You must send us a weekly, signed Gross Sales report ("Gross Sales Report") by Tuesday of each week for the prior week's Gross Sales. The Gross Sales Report must set forth your Gross Sales generated during the previous week, your calculation of Royalty Fees, Advertising Fees, and any other information we may require. We may change the form and content of the Gross Sales Report periodically. Royalty and Advertising Fees shall be collected on Tuesday of each week, following receipt of your Gross Sales Reports, by an electronic funds transfer program (the "EFT Program") under which we automatically deduct all payments owed to us under the Franchise Agreement or any other agreement between you and us, from your bank account. Upon written notice to you, we may designate another method of payment.

If you do not report your Gross Sales for any given week as required, we are authorized and will auto-debit the Royalty Fee and Advertising Fee for the subject week from your EFT bank account in an amount equal to 120% of the last Royalty Fee and Advertising Fee due for the last period you did submit the required reports. If a Gross Sales Report for the subject week is subsequently received and reflects (i) that the actual amount of the fee due was more than the amount of the EFT, then we shall be entitled to withdraw additional funds through EFT from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the EFT, then we shall credit the excess amount to the payment of your future obligations.

If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

If a state or local law applicable to your Restaurant prohibits or restricts in any way your ability to pay Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Restaurant, then the percentage rate for calculating Royalty Fees shall be increased, and the definition of Gross Sales shall be changed to exclude sales of alcoholic beverages, so that the Royalty Fees to be paid by you shall be equal to the amounts you would have had to pay if sales from alcoholic beverages were included in Gross Sales. For example, if you generated \$1,000 in Gross Sales, of which \$200 is from the sale of alcoholic beverages, then your weekly Royalty Fee is \$50 ($5\% \times \$1,000$). If you are not permitted by law to pay Royalty Fees on the sale of alcoholic beverages, then we must recalculate your royalty percentage so that you still pay the full Royalty Fee. In our example, we must deduct \$200 from the Gross Sales and raise your royalty percentage to 6.25% so that we may collect the same \$50 Royalty Fee ($\$1,000 - \$200 = \$800 \times 6.25\% = \50).

Note 3. Advertising and Development Fund. We have established an Extreme Pizza Advertising and Development Fund (the "Fund") for the common benefit of System Franchisees. You must participate in and contribute weekly to the National Fund in an amount of 1% of your Gross Sales (the "Advertising Fee") in the manner we prescribe. You must pay the Advertising Fee in the same manner as the Royalty Fees due under the Franchise Agreement. Upon written notice to you, we may designate another method of payment.

Note 4. Local Advertising. In addition to the contributions made to the Fund described in Note 3, you must spend the greater of \$24,000 or 3.5% of your Gross Sales on local advertising and promotion in accordance with an annual plan approved by us and our standards and specifications. You shall budget for each calendar quarter the greater of \$6,000 or 3.5% of your Gross Sales during the preceding calendar quarter. You must spend the local advertising requirement as we prescribe in our Confidential Operations Manual or otherwise in writing. You must submit to us an annual plan for your budgeted local marketing expenditures, and send proof of these expenditures 15th day of each month, or in any other manner we may specify. If there is an Advertising Cooperative operating in your territory, you must contribute to it in amounts specified by the Cooperative. In no case shall the Cooperative contributions exceed 85% of your Local advertising spending

requirement. Franchisor-owned outlets shall have voting rights in the same manner as Franchisee owned locations.

Note 5. Collection Costs, Attorneys' Fees, Interest. Any late payment or underpayment of the Royalty Fee, Advertising Fee, and any other charges or fees you owe us, will bear interest from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate which we may charge for commercial transactions in the state in which your Franchised Restaurant is located. If you are in breach or default of any monetary or non-monetary material obligation under the Franchise Agreement or any related agreement between you and us, and we engage an attorney to enforce our respective rights (whether or not we initiate formal judicial proceedings), you must pay all reasonable attorneys' fees, court costs, and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of the Franchise Agreement and your claim is denied or the action is dismissed, you must reimburse us our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against the action. We are entitled, under the Franchise Agreement and Area Development Agreement, to have the costs listed above awarded as part of the judgment in the proceeding.

Note 6. Insurance. See Item 8 for information regarding our insurance requirements. If you fail to comply with our minimum insurance requirements, we have the right to obtain and maintain the requisite insurance coverage on your behalf, at your sole expense. We have the right to periodically increase or otherwise modify the minimum insurance requirements as conditions require by giving you written notice.

Note 7. Audit/Inspection Costs. You must maintain accurate business records, reports, accounts, books and data relating to the operation of your Franchised Restaurant. We and our designees retain the right to inspect and/or audit your business records at any time during normal business hours to determine whether you are current with suppliers and/or otherwise are operating in compliance with the terms of the Franchise Agreement and the Operations Manual. If any audit reveals that you have understated your Royalty Fee, Advertising Fee, or other payments, or your Local Advertising Requirement, by more than 2%, or if you have failed to submit timely reports and/or remittances for any two reporting periods within any 12-month period, you must pay the reasonable cost of the audit and/or inspection, including the cost of outside auditors and attorneys (if we incur audit/attorney costs), in addition to the amounts due for the Royalty and other fees as a result of underreporting and/or failure to submit reports, and all late fees and interest which may otherwise be due under the Franchise Agreement.

Note 8. Financial Records and Reports. You must maintain for at least three fiscal years from their preparation complete financial records for the operation of the Franchised Restaurant in accordance with generally accepted accounting principles and must provide us, at our request, with (i) a weekly Gross Sales Report; (ii) a monthly income statement and profit and loss statement, in a format specified by us, including a standard chart of accounts, within 20 days after the end of each month for the preceding month's performance; (iii) annual financial reports and operating statements in the form we specify, prepared by a certified public accountant or state licensed public accountant, within 120 days after the close of each of your fiscal years; (iv) state and local sales tax returns or reports and federal, state and local income tax returns for each year in which your Franchised Restaurant is operated, within 30 days after their timely completion; and (v) any other reports as we may occasionally require, in the form and at the time we prescribe.

Note 9. Taxes on Payments to Us. If any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment you make to us, in addition to all payments due to us, you must pay the tax, levy or assessment.

Note 10. Transfer Fee. We have the right to condition the proposed sale or transfer of your Franchised Restaurant or of your interest in the Franchised Restaurant upon your payment of a transfer fee equal to

25% of our then-current franchise fee. If you enter into an Area Development Agreement, you must pay a transfer fee equal to 25% of our then-current Area Development Fee for your Development Area upon requesting a transfer. This fee is payable by you as the franchisee, and is in addition to the then-current initial franchise fee that must be paid by the transferee.

Provided that certain conditions are met, there is no transfer fee if under the single unit Franchise Agreement or Area Development Agreement if you are an individual and transfer ownership (one time only) to a corporation or limited liability company that you control.

Note 11. Renewal Fee. You must pay a renewal fee equal to \$5,000 to renew an individual Franchise Agreement.

Note 12. Replacement Manager Training; Additional/Ongoing Training. If you or a manager fail our initial training program and you wish to retake our training program and/or you wish to send a replacement manager to our training program, you must pay our training fee.

You may request additional assistance from us to: (i) facilitate the opening of your Franchised Restaurant; (ii) provide training to new or additional managers after the initial training program; or (iii) offer additional training or programs to train you. These services will be provided by us as we deem necessary, and you will be charged our then-current training/service fee (\$500 per day), plus any expenses that we incur including lodging, travel, and meals. See Item 11 for more on our training requirements.

Note 13. Indemnification. You and your principals agree to indemnify, defend and hold us, our affiliates, and our respective shareholders, directors, officers, employees, agents, successors and assignees (“Indemnitees”) harmless against and to reimburse the Indemnities for all claims, obligations, liabilities and damages (“Claims”), including any and all taxes, directly or indirectly arising out of, in whole or in part: (a) the operation of your Franchised Restaurant, including the use, condition, or construction, equipping, decorating, maintenance, or operation of your Franchised Restaurant(s), as well as the provision of any restaurant services; (b) the use of the Marks and our proprietary and confidential information; (c) the transfer of any interest in the Franchise Agreement and/or any Area Development Agreement, or your Franchised Restaurant(s) in any manner inconsistent with those Agreements or any other agreement you sign with us; (d) the infringement, alleged infringement, or any other violation or alleged violation by you or any of your principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties; or (e) libel, slander or any other form of defamation against us, the System, or any franchisee or developer operating under the System, by you or by any of your principals. For purposes of this indemnification, “Claims” shall mean and include all obligations, actual, consequential, punitive, and other damages, and costs reasonably incurred in the defense of any action, including attorneys’, attorney assistants’ and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not the claims exceed the amount of insurance coverage available through you to us. We shall have the right to defend any claim against us the manner we deem appropriate or desirable in our sole discretion. Our defense of any action will not diminish you and each of your principals’ obligations to indemnify the Indemnitees and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and regardless of the expiration or termination of the Franchise Agreement.

We will indemnify, defend and hold you harmless against, and to reimburse it for all Claims arising out of your lawful use of the Marks pursuant to and in compliance with the Franchise Agreement where your use of the Marks is held to constitute trademark infringement, breach or violation of any trademark, trade name, or service mark of any third party or for unfair competition or dilution, provided that you have timely notified us of such claim or proceedings, have otherwise complied with the Franchise Agreement and have tendered complete control of the defense of the Claims to us. We shall have the right to defend any Claim

in the manner we deem appropriate or desirable in our sole discretion. If we defend the Claim, we shall have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney retained by you.

Note 14. Product/Supplier Testing Fee. If you request that we test a particular product or evaluate a supplier for the System, you must reimburse us our reasonable testing costs, which is due regardless of whether we subsequently approve the product or supplier. You must cover the reasonable costs incurred in the inspection and the actual cost(s) of the test(s) performed. See Item 8 of this Franchise Disclosure Document for more information about designated and approved suppliers. This fee is payable upon the conducting of testing of new supplier or product proposed by franchisee.

Note 15. Liquidated Damages. The termination of the Franchise Agreement before its expiration will result in injury to us that will be difficult to quantify with reasonable certainty. For this reason, you agree to pay us \$5,000 per year for each year remaining under the terms of your Franchise Agreement at the time the Agreement is terminated, whether or not that termination is voluntary or involuntary. These damages represent the parties' best estimate of the damages resulting from the injury.

Under the Area Development Agreement, you must pay us liquidated damages if you fail to meet any Development Period in the Minimum Development Schedule. If this happens, you must pay us \$100 per day for each day the Development Period is not met, up to a maximum of 60 days. If the Development Period is still not met after 60 days, we may terminate the Area Development Agreement.

Note 16. Management Fee. In order to prevent any interruption of the Franchised Restaurant which would cause harm to the Franchised Restaurant and thereby depreciate its value, you authorize us to operate the Franchised Restaurant in the event that you (or your only approved manager) is absent or incapacitated by reason of illness or death and is not, therefore, in the our sole judgment, able to operate the Franchised Restaurant. We are not obligated to run the Franchised Restaurant, and shall not be obligated to so operate the franchise.

If we do choose to operate the Franchised Restaurant on your behalf, all monies from the operation of the business during the period of operation by us will be kept in a separate account and the expenses of the Franchised Restaurant, including reasonable compensation and expenses for our representative, shall be charged to this account. If we temporarily operate the Franchised Restaurant for you, you shall indemnify us and hold us harmless from any and all claims arising from the operation of the Franchised Restaurant, including, without limitation, our acts and omissions other than arising from our negligence or misconduct. Our estimated fees and related costs are anticipated to be \$500/day plus expenses. (travel, hotel, car rental, per diem food allowance etc.)

Note 17. Accounting Services Fee. If when you sign the Franchise Agreement or at any time during the term of your Franchise Agreement we find, at our sole discretion, that you lack sufficient accounting experience to maintain your books and accounting or if you fail to provide your monthly, quarterly, or yearly financial reports required under the Franchise Agreement in the proper format two or more times in any 12 month period, then we have the right to require you to retain the services of an accountant to maintain your books and accounting for the unexpired term of the Agreement, and you must bear all reasonable costs incurred in connection with these accounting services.

Note 18. Non-Reporting Penalty. If that you fail to provide your monthly, quarterly or yearly financial reports required under the Franchise Agreement in the proper format, you must pay a \$350 penalty for each violation. This penalty is an additional remedy for us in addition to requiring that you engage an accountant to maintain your books and accounting for the unexpired term of the Agreement.

Note 19. Non-Compliance Penalty. If that you fail to carry any required items that are required under the Franchise Agreement or the Confidential Operations Manual or you fail to comply with building and constructions mandate required in the Confidential Operations Manual, you must pay a \$350 penalty for each violation. This penalty is an additional remedy for us in addition to requiring that you to comply with any requirements or make alterations to your Franchised Restaurant to become compliant with our construction mandates.

Note 20. POS and Software Fees. Fee range is depending upon number of terminals and store requirements. These fees include subscriptions to Xtrachef-a digital invoice scanning service at approximately \$120 per month. Additional charges include, \$500 to \$750 per month to HungerRush POS Company for tech support, software updates and Loyalty, online ordering platform, 3rd party delivery integration, marketing, order notification and Google Maps.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

<u>Column 1</u> <u>Type of</u> <u>Expenditure</u>	<u>Column 2</u> <u>Amount</u> ^{4,5}	<u>Column 3</u> <u>Method of</u> <u>Payment</u>	<u>Column 4</u> <u>When Due</u>	<u>Column 5</u> <u>To Whom Payment is</u> <u>To Be Made</u> ⁶
Initial Franchise Fee ¹	\$40,000	Lump Sum	On signing Franchise Agreement	Us
Real Estate ²	\$2,000- \$10,000	Lump Sum	Upon signing lease	Landlord/ Broker
Lease Review	\$3,200-\$4,500	As Agreed	As Incurred	Third Party Attorney
Equipment List	\$95,000- \$100,000	As Agreed	As Incurred	Approved Suppliers
Point of Sale (POS) System	\$1,000 - \$3,000	As Agreed	As Incurred	Approved Suppliers
Itemized Supply List and Supplemental Supply List	\$5,000- \$10,000	As Agreed	As Incurred	Approved Suppliers
Travel and Living Expenses While Training	\$10,000- \$15,000	As Incurred	As Incurred	Airlines, Hotels and Restaurants
Installation of New Equipment	\$2,000- \$10,000	Lump Sum	As Incurred	Approved Suppliers
Insurance	\$8,000- \$15,000	As Incurred	As Incurred	Third Parties
Grand Opening Advertising	\$15,000	As Incurred	As Incurred	Third Parties
Construction	\$100,000- \$450,000	As Incurred	As Incurred	Third Parties

Column 1 <u>Type of Expenditure</u>	Column 2 <u>Amount</u>^{4,5}	Column 3 <u>Method of Payment</u>	Column 4 <u>When Due</u>	Column 5 <u>To Whom Payment is To Be Made</u>⁶
Construction Management ⁷	\$7,000-\$12,000	As Incurred	As Incurred	Third Parties
HungerRush Service/Upgrade Fee	\$1,500	As Agreed	Annually	Third Parties
Accounting Software Fee	\$500-\$1,000	As Agreed	Monthly	Third Parties
Additional Funds – 6 months ³	\$40,000-\$100,000	As Incurred	As Incurred	Third Parties
Total Estimated Initial Investment ^{4,5}	\$330,200 to \$787,000			

Notes:

Note 1. The initial franchise fee is discussed in Item 5.

Note 2. The typical Extreme Pizza restaurant ranges in size from approximately 1,300 to 2,500 square feet. This amount includes security deposits that may be required by the landlord.

Note 3. We relied on our experience and our former affiliate's experience in operating Extreme Pizza Restaurants since 1994 when preparing these estimates. The amount of working capital needed will depend on the time necessary to achieve cash flow to cover operating expenses. This amount is the minimum recommended for your first 6 months. Shortfalls of capital may arise from independent factors such as labor shortages, delays in construction, delivery and installation of leasehold improvements and equipment; or possible recession and inflation.

This category includes estimated payroll, utilities, vendor, advertising, promotion, and similar costs during the initial phase of a new Restaurant, which we estimate will be 6 months, but we have not included or factored in any sales revenue your Restaurant may generated during this period. We cannot guarantee that you will not have additional expenses starting your business.

Note 4. These figures are estimates.

If you sign an Area Development Agreement, you must open a minimum of three restaurants and your estimated initial investment will be higher.

Note 5. We relied on our experience and our former affiliates experience in the pizza business since 1994 to compile these estimates. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions.

Note 6. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

Note 7. This fee includes city/county permitting fees, but does not include the cost of a liquor permit. Since the availability and expenses of acquiring a beer, spirits and wine license vary substantially from

jurisdiction to jurisdiction, you should consult the appropriate governmental authority concerning the availability of the required license and the associated expenses for your Franchised Restaurant before you sign a Franchise Agreement. The cost of a beer, spirits and wine license can range from under \$2,000 to over \$100,000, depending on the location and jurisdiction, but can be substantially higher in some states. We strongly recommend that you verify the cost and availability of a beer, spirits and wine license in your jurisdiction before signing the Franchise Agreement.

YOUR ESTIMATED INITIAL INVESTMENT – AREA DEVELOPER

YOUR ESTIMATED INITIAL INVESTMENT AREA DEVELOPMENT AGREEMENT FOR THREE RESTAURANTS				
Column 1 <u>Type of Expenditure</u>	Column 2 <u>Amount</u>	Column 3 <u>Method of Payment</u>	Column 4 <u>When Due</u>	Column 5 <u>To Whom Payment is to be Made</u>
Area Development Fee (for three Restaurants) ¹	\$65,000	Lump Sum	When Area Developer Agreement is Signed	Us
Vehicle – 3 Months ²	\$2,100	As incurred	As arranged	Third Parties
Other Expenditures for the first Restaurant ³	\$290,200 to \$749,000	As Disclosed in First Table	As Disclosed in First Table	As Disclosed in First Table
Total	\$357,300 to \$816,100			

Notes:

Note 1. The Area Development Fee is discussed in detail in Item 5.

Note 2. We expect that you will need a vehicle to view potential sites, oversee the build-outs, supervise multiple locations, etc. Our estimate includes expenses related to loan or lease payments, gas and maintenance for three months.

Note 3. An Area Developer is expected to incur these same costs for each Restaurant it develops, subject to inflation and other increases over time. As an Area Developer, your professional fees (such as legal and financial) will probably be higher.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Franchised Restaurant in strict conformance with our methods, standards, and specifications, which we prescribe in our Confidential Operations Manual and various other confidential manuals and writings prepared by us for your use in operating a Franchised Restaurant (collectively the “Operations Manual”). We may periodically change our standards and specifications at our sole discretion. The Operations Manual covers nearly all aspects of your Franchised Restaurant’s operations, including Franchised Restaurant management, sales and marketing, employee recruitment and training, and merchandising.

Approved Products, Services, and Suppliers

You may only offer approved services and products (“Approved Services and Products”) through your Franchised Restaurant. We will provide specifications for, and designate sources of, the Approved Services and Products at least 60 days before the Franchised Restaurant begins operation (the “Approved Supplies List” and “Approved Suppliers List”).

All Approved Services and Products must meet our standards and specifications, which we will provide to you or directly to our designated or approved vendors. In order to: (i) better assure the quality of the Approved Services and Products; (ii) assure the supply or quality of the Approved Services and Products; and/or (iii) enable us, in our sole discretion to take advantage of marketplace efficiencies, we have the right to require you to purchase certain Approved Services and Products, including Trademarked Product Lines, only from us, our affiliates (in the event they are formed in the future), or other suppliers or distributors approved or designated by us. Before opening for business, you must purchase all products contained in the Itemized Supply List and Supplemental Supply List and Equipment List from us or a supplier we designate. Other than those items that you may be required to purchase from us, you may purchase from any approved supplier on the Approved Suppliers List. We may revise the Approved Suppliers List and Approved Supplies List from time to time in our sole discretion and these updated lists will be submitted to you as we deem advisable. We are not currently an approved supplier of any product or service you must purchase or lease. None of our officers have an ownership interest in any approved suppliers.

If you desire to purchase any product not currently on the Approved Supplies List, or you wish to purchase from a supplier other than those named on the Approved Supplier List, you must submit to us a written request for approval of such product or supplier or must request the supplier to submit this written request. Our representatives must then be permitted to inspect the supplier’s facilities, and samples from the supplier must be delivered to us or to an independent laboratory we choose for testing. A charge not to exceed the reasonable cost of the inspection and actual cost of the tests must be paid by you or by the supplier before we will make any approval determination. We will use reasonable efforts to complete our investigation of the proposed supplier and/or product within 30 days after our receipt of the written request. We will notify you within 10 days after we complete the investigation, and receive payment from you for the costs incurred with the inspection and tests, and let you know whether we approved the proposed supplier and/or products. If you do not receive written approval from us during this time period, then the proposed supplier and/or product shall be deemed disapproved. We reserve the right, at our option, to re-inspect the facilities and products of any supplier of an approved item and to revoke our approval of any item which fails to continue to meet any of our criteria, including the quality of the product, safety standards or continuity.

We do not provide material benefits to a franchisee based on franchisee’s purchase of particular products or use of particular suppliers.

All inventory, products and materials, and other items and supplies used in the operation of the Franchised Restaurant that are not specifically required to be purchased in accordance with our Approved Supplies List and Approved Suppliers List must conform to the specification and quality standards periodically established by us. We currently do not issue specifications and quality standards to franchisees or suppliers.

If we determine that you are using/carrying products or vendors that are not on the Approved Services and Products List and have not received a written approval to use an alternate supplier or product, we reserve the right to require you to pay us a fine in the amount of \$350 per violation.

We reserve the right to derive revenue from your required purchases from us, our affiliates, and our designated and approved suppliers. For the fiscal year ending December 31, 2025, we derived \$132, 976 or .01% of our total gross revenues of \$12,640,451 from required franchisee purchases from contracted suppliers.

We estimate that the costs of your purchases from designated or approved sources, or according to our standards and specifications, may range from 60% to 65% of the total cost of establishing your Franchised Restaurant and approximately 26% to 32% of the total cost of operating your Franchised Restaurant after that time.

We use our best efforts to negotiate purchase arrangements with suppliers for the benefit of our franchisees. Currently, we have negotiated contracts that provide material benefits to franchisees in the form of reduced cost of goods. We currently realize approximately 10% cost savings for franchisees.

Insurance

You currently must maintain, in the amounts we prescribe from time to time including currently:

- Commercial General Liability \$1,000,000 for each occurrence, \$300,000 damage to rented premises, \$5,000 medical expenses (Any one person), personal and adv. injury \$1,000,000, general aggregate \$1,000,000, products-comp/OP AGG \$1,000,000 and building coverage including: completed additions; fixtures, including outdoor fixtures; permanently installed machinery and equipment; your personal property in apartments, rooms or common areas furnished by you; owned personal property used to maintain or service the buildings or structures or the described premises including fire extinguishing equipment, outdoor furniture, floor coverings and appliances for refrigerating, ventilating, cooking, dishwashing, or laundering; additions under construction and materials, equipment, supplies and temporary structures on or within 100 feet of the described premises used for additions, alterations, or repairs to buildings or structures if not covered by other insurance.
- Automobile Liability (Hired, non-owned) \$1,000,000 for each occurrence, \$1,000,000 bodily injury (Per person), \$1,000,000 bodily injury (Per accident), and \$1,000,000 Property Damage (Per accident).
- Umbrella Liability \$1,000,000 for each occurrence.
- Workers Compensation and Employers' Liability \$1,000,000 for each accident, \$1,000,000 disease-each employee, \$1,000,000 disease – policy limit.
- Such additional insurance and types of coverage as may be required by the terms of any lease for the Franchised Restaurant, or as may be reasonably required from time to time by Franchisor.

The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment and your history. All insurance policies must name us as an additional insured party. System Standards may regulate: (i) the types, amounts, terms, and conditions of insurance coverage required for the Franchised Restaurant and standards for underwriters of policies providing required insurance coverage; (ii) our protection and rights under such policies as an additional named insured; (iii) required or impermissible insurance contract provisions; (iv) assignment of policy rights to us; (v) periodic verification of insurance coverage that must be furnished to us; (vi) our right to obtain insurance coverage at your expense if you fail

to obtain required coverage; (vii) our right to defend claims; and (viii) similar matters relating to insured and uninsured claims.

Computer Software and Hardware Components

You must purchase or lease for your Franchised Restaurant the point-of-sale system we designate or approve, as further described in Item 11 of this Disclosure Document.

We have a proprietary interest in all databases, lists, templates programs and any other software features that have been created and/or customized for us (the “Proprietary Software”). In the future, we may further customize the Proprietary Software and create programs that conduct, among other things, scheduling, accounting, inventory, point-of-sale functions, and related activities. You must obtain the computer hardware necessary to implement the Proprietary Software into your Franchised Restaurant, and comply with all specifications and standards prescribed by us regarding the Proprietary Software as provided in the Operations Manual. This Proprietary Software will be proprietary to us and will remain our Confidential Information.

Advertising

All marketing and promotion by you in any manner or medium must be conducted in a professional and dignified manner and must conform to our specific standards and requirements. You must submit to us (through the mail, return receipt requested or email), for our prior approval (except with respect to prices to be charged), samples of all advertising or promotional plans and materials that you desire to use and that have not been prepared or previously approved by us. If written approval of the proposed materials is not received by you within 10 business days, the submitted material will be deemed to be disapproved. You may not use any marketing or promotional materials that we have disapproved. Our advertising requirements are discussed more fully in Item 11 of this Disclosure Document.

Lease and Leasehold Improvements

You must purchase or lease a retail space for your Franchised Restaurant which meets our standards and specifications for a System Franchised Restaurant within 90 days after you sign the Franchise Agreement. We must approve your location and lease terms before you sign a lease for a Franchised Restaurant location. We will condition our approval of your lease upon, among other conditions, you and your landlord’s signing of a collateral assignment of lease, where your landlord grants us the rights to assume your rights and obligations under the lease if you breach your lease agreement or if your Franchise Agreement is terminated or expires.

Construction Project Management and Architectural Services

You must retain the services of a construction project management firm that will oversee the planning and construction of the Franchised Restaurant, which must be approved by us. Your approved vendor will conduct municipal and governmental analysis, design layout and project and budget feasibility analysis. Your approved construction manager/architect will work with you to coordinate and manage the design process, build-out, vendors and governmental agencies to ensure that the Franchise Restaurant is designed and built according to our specifications. We are not affiliated with and do not own any interest in architectural or project management firms. If we determine that any element of your Franchise Restaurant has not been designed or built according to our specifications and you have not received our written approval for the deviation from our design specification, we may require you to pay us a fine in the amount of \$350 per violation. You may not open the Franchised Restaurant until we have approved you to do so.

Item 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Disclosure Document Item
a. Site selection and acquisition/ lease	1.3, 7.1 and Site Selection Addendum	Not Applicable.	Items 7, 11 and 12
b. Pre-opening purchases/ leases	7.1.2, 7.1.3, 7.4, and 7.5	Not Applicable.	Items 7 and 8
c. Site development and other pre-opening requirements	6.2, 7.1 and 7.1.1	5.3	Items 7, 8 and 11
d. Initial and ongoing training	7.2 and 10	N/A	Items 6 and 11
e. Opening	7.3	3.1, 3.2, and 3.7	Items 8 and 11
f. Fees	3, 7.19, 12.5, 12.6 and 12.7	2	Items 5 and 6
g. Compliance with standards and policies/ operating manual	6.1, 7.5 and 7.6	5.2 and 5.5	Items 8 and 11
h. Trademarks and proprietary information	4 and 5	6	Items 13 and 14
i. Restrictions on products/ services offered	7.4 and 7.5	Not Applicable.	Item 16
j. Warranty and customer service requirements	7.6.3	Not Applicable.	Item 15
k. Territorial development and sales quotas	1.5 and 7.12	3	Items 12 and 17
l. Ongoing product/ service purchases	7.4, 7.5 and 7.6.7	Not Applicable.	Item 8 and 11
m. Maintenance, appearance and remodeling requirements	2.2.3, 7.1, 7.1.5, 7.17, and 7.19	Not Applicable.	Item 6, 8 and 11
n. Insurance	8	9	Items 6, 7 and 8
o. Advertising	7.7 and 12	Not Applicable	Items 6, 8 and 11
p. Indemnification	13.4	8	Item 6
q. Owners' participation/ management/staffing	7.6.3, 7.6.4, and 7.6.5	5	Item 15
r. Records and reports	9 and 11	Not Applicable.	Item 6

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Disclosure Document Item
s. Inspections and audits	7.8, 11 and 16.1.10	Not Applicable.	Items 6 and 11
t. Transfer	14	11	Items 6 and 17
u. Renewal	2.2	Not Applicable.	Items 6 and 17
v. Post-termination obligations	16, 17.2 and 17.3	12	Item 17
w. Non-competition covenants	16.1.11 and 17	12.2 and 13	Item 17
x. Dispute resolution	18	16	Item 17
y. Guaranty of obligations	16.4 and 20	10.5 and 19	Item 6 and 15

Item 10
FINANCING

We do not offer direct or indirect financing. We will not guarantee your note, lease, or other obligations. We may introduce you to 3rd party companies that can assist you in the process for obtaining financing.

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

Except as listed below, OOC, Inc. is not required to provide you with any assistance:

A. Pre-Opening Obligations.

Before you open your Franchised Restaurant, we or our designee will provide you with the following assistance:

1. We will loan you a copy of our Operations Manual, which we may amend periodically. (Section 6.1 of the Franchise Agreement). The Operations Manual shall remain confidential and our exclusive property. You must make sure that your copy of the Operations Manual is current and up-to-date, and keep a copy of the manual on the Franchised Restaurant's premises.

2. We will provide you and the Project Manager with architectural and equipment specifications pursuant to the Franchise Agreement within 10 days after verification of the approved franchised location. (Section 6.2 of the Franchise Agreement).

3. We will provide you and the Project Manager with specifications for and designate sources of, the supplies that we approve of in connection with the operation of your Franchised Restaurant. (Section 6.3 of the Franchise Agreement.) You must purchase all equipment, signs, fixtures, opening inventory and supplies from approved suppliers. We will not sell, deliver, or install these items for you. These lists, namely the Approved Suppliers List and Approved Supplies List, provide the required inventory, goods and supplies necessary for the start-up and ongoing operations of your Franchised Restaurant, and you must purchase according to these lists only, unless we approve of another supplier or product as set forth more

fully in Item 8 of this Disclosure Document. These two lists will be delivered to you at least 60 days before you begin operations of the Franchised Restaurant.

4. We will provide you and your designated managers with initial training as described more fully later in Item 11.

B. Post-Opening Assistance

After you open your Franchised Restaurant, we or our designee will provide you with the following assistance:

1. We will provide you with continuing consultation and advice regarding the operations and management of the Franchised Restaurant as we deem necessary and appropriate. We will provide this ongoing assistance, at our discretion, by telephone, facsimile, intranet communication (if we set up an intranet in the future), and on-site consultations. (Section 6.5 of the Franchise Agreement).

2. We may periodically revise the Operations Manual. (Section 6.1 of the Franchise Agreement). As discussed, you must make sure that you have the most up-to-date version of the manual, and that this most current copy is on the premises of your Franchised Restaurant at all times. These updates may issue, modify and supplement System Standards that may regulate any one or more of the following regarding your Franchised Restaurant: (a) types, models and brands of equipment, materials, products and supplies; (b) advertising and public relations programs and materials and media used in such programs; (c) use and display of the Marks; (d) staffing levels and management matters; (e) hours of operation; (f) participation in market research and testing and product and service development programs; (g) record keeping systems and forms; methods, formats, content and frequency of report; and furnishing tax returns and other information to us; (h) types, amounts, terms and conditions of insurance coverage required to be carried for your Franchised Restaurant (see Item 8); (i) complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers and us; and notifying us if any action, suit or proceeding is commenced against you or your Franchised Restaurant; (j) refusing to accept pizza orders from types of customers and in circumstances specified by us; and (k) other aspects of the operation of your Franchised Restaurant that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Franchised Restaurant.

3. We may make periodic visits to your premises as we deem necessary to evaluate the premises and operations of your Franchised Restaurant. (Sections 6.7 and 7.8 of the Franchise Agreement).

4. We may, at our discretion, hold an Annual Conference at a location to be selected by us. We shall determine the topics and agenda for the conference, including updating franchisees on new developments affecting franchisees, exchanging information between franchisees and our personnel regarding Extreme Pizza restaurant operations and programs, and recognizing franchisees for their achievements. We may require you to attend the Annual Conference and to pay our then-current registration fee, currently \$250 to \$500 per person, plus expenses. You must pay all expenses you and your employees incur, including transportation to and from the Annual Conference and lodging, meals, and salaries during the Annual Conference. We may use contributions from the Advertising and Development Fund for purposes related to the Annual Conference, including costs related to productions, programs, and materials. (Section 6.9 of the Franchise Agreement).

5. We may offer additional training programs and/or refresher courses to you, your manager, and/or your employees. We may require you and your employees' attendance at these programs and/or courses. You must pay for your and your employees' travel, meals, lodging, and wage expenses while

attending our additional training programs. The additional training programs and refresher courses will be at our then-current tuition for ongoing training. (Sections 6.10 and 8.4 of the Franchise Agreement). Our current tuition for five-day (40 hour) program is \$1,000 per trainee and you must pay for you and your employees' travel, meals, lodging, and wages expenses while attending these programs.

6. Franchisor will provide Franchisee continuing consultation and advice as Franchisor, in its sole discretion, deems necessary and appropriate regarding the management and operation of the Franchised Restaurant. We may provide an analysis of the costs of such products and prices charged for competitive products. Franchisee shall not be obligated to accept any such advice or guidance and shall have the sole right to determine the prices to be charged from time to time by the Franchised Restaurant, and no such advice or guidance shall be deemed or construed to impose upon Franchisee any obligation to charge any fixed, minimum or maximum prices for any product offered for sale by the Franchised Restaurant. Franchisor may, in its sole discretion, provide to Franchisee the following: (i) Updates to the Approved Supplier Lists and Approved Supplies Lists; (ii) coordination plans of product distribution for local, regional, and national suppliers; (iii) negotiation of group discounts on equipment, products and supplies; (iv) recommended pricing tiers and guidelines for the goods and services provided by the Franchised Restaurant; and (iv) regulation of quality standards and products throughout the network of Franchised Restaurants. (Section 6.5 of the Franchise Agreement).

Site Selection Assistance

We or our designee will provide you with the following site selection assistance:

You will operate your Franchised Restaurant at the approved location (the "Approved Location") that both we and you agree upon. (Sections 1.3 and 7.1 of the Franchise Agreement). If we have not agreed to an Approved Location as of the date the Franchise Agreement is signed, then we will enter into a Site Selection Addendum that is attached to the Franchise Agreement and will govern our site selection obligations. Under the area development agreement, we will approve the location of future units and any territories for those units, and the then-current standards for sites and territories will apply.

Before acquiring the premises for your Franchised Restaurant by lease or purchase of any prospective site, you must submit a letter of intent to us that confirms your favorable prospects for obtaining the proposed site, along with a detailed description of the site itself. (Section 7.1.1 of the Franchise Agreement). We will provide you with notice of approval or disapproval of your proposed site within 30 days after receiving your written proposal. Final site approval is contingent upon agreement between us regarding the Designated Area that will be assigned to the proposed site. Our review and approval of the site and Designated Area will be based primarily on the potential customer base, rental costs, competition, traffic patterns, population density and composition, visibility, proximity to other Extreme Pizza restaurants, and other business factors of the site. We will not unreasonably withhold approval of any proposed site. If we do not approve of a site that you propose, then we will provide you with a written explanation of why the site did not meet our requirements. If you and we are unable to agree on a location, a reasonable extension of time to locate a suitable location shall be granted to you if you are acting in good faith. After a reasonable extension, we have the option to terminate the Franchise Agreement if a mutually agreeable location is still not identified.

Once we approve of the location of your Franchised Restaurant, you must sign a lease or other binding agreement to purchase the site within 150 days after signing the Franchise Agreement. (Section 7.1.3 of the Franchised Agreement). We have the right to review, evaluate, and approve your proposed lease for the Approved Location (the "Lease"). We will give you approval or disapproval of the Lease within 30 days of receipt of the proposed Lease. Our approval of the Lease may be conditioned on both you and the landlord for the Lease agreeing on the inclusion of several provisions, including a collateral assignment

of the Lease to us if you default on the lease or if your Franchise Agreement is terminated, transferred or otherwise expires. (Sections 7.1.3 and 7.1.4 of the Franchise Agreement). Although we have the right to approve or deny approval of that Lease, the terms of the Lease (other than those required by us) are your decision.

We estimate that it will take approximately three to 12 months from signing the Franchise Agreement to open your Franchised Restaurant. The actual length of this period will depend upon various factors including your ability to obtain a mutually acceptable site and a lease for that site, acceptable financing arrangements, training schedules, delivery schedules for inventory and equipment, and other factors including the time necessary to obtain zoning permits, licenses and variances. You must conform the premises to applicable laws, ordinances, and building codes, obtain all required permits and licenses, and construct and redecorate the premises for your Franchised Restaurant. You must open your Franchised Restaurant within 12 months after you sign the Franchise Agreement. If the Franchised Restaurant does not open within those 12 months, we may, at our sole discretion, elect to terminate your Franchise Agreement.

Training

Before opening, we will provide initial training on the operation of a Franchised Restaurant to you (or your managing shareholder or partner) and at least two other designated employees. We will provide four consecutive weeks (approximately 200 hours) of training that will be completed at a training facility that we designate and/or at an existing Extreme Pizza Restaurant. Each manager must complete the initial training program, and none of your other personnel may be substituted for any manager undertaking the initial training at any time in during the training program. Although there are no additional fees for this training, you must pay for all travel and living expenses that you and your employees incur in connection with training.

If you fail to complete our initial training program to our satisfaction, you may repeat the initial training program. If one of your managers fails to complete our initial training program to our satisfaction, a replacement manager may attend our initial training program. If you or a replacement manager are not able to complete the initial training program to our satisfaction, you must pay to us a training fee of \$1,500 per person for the time you or a replacement manager must attend our initial training program. Our fee is in addition to all travel and living expenses you and any replacement manager incur while attending this training program.

As part of our initial training program, an additional two weeks (approximately 100 hours) of training will be provided at your location, at our expense. You and your designated managers also must participate in all other activities required to open your Franchised Restaurant.

All training must be completed before the opening of your Franchised Restaurant. If you (or your managing shareholder or partner) or your designated managers are unable to complete initial training to our satisfaction, we can terminate the Franchise Agreement. You must make sure that all required training is timely completed. Failure to complete the required training will result in a delay of the opening of your Franchised Restaurant. We will not be responsible for any costs, damages or expenses associated with any delay. Should you require additional assistance to facilitate the opening of your Franchise Restaurant, we may comply with your request for this additional assistance if we deem extra assistance necessary, and provided this assistance is feasible. You shall reimburse us for all expenses we incur for providing this extra assistance, as well as our then-current reasonable service fee, which is currently \$500 per day.

We plan to be flexible in scheduling training to accommodate our personnel as well as you and your personnel. Currently, there are no fixed (i.e., monthly or bi-weekly) training schedules. As of the date of this Disclosure Document, we plan to offer training based on the following program:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours On-the-Job Training	Location
Introduction	1	20	Extreme Pizza's Headquarters, San Francisco Bay Area, Extreme Pizza in Arlington, Virginia, Extreme Pizza in Myrtle Beach, SC or other Designated Approved Facility
Product Preparation	1	25	Extreme Pizza's Headquarters, San Francisco Bay Area, Extreme Pizza in Arlington, Virginia, Extreme Pizza in Myrtle Beach, SC or other Designated Approved Facility
Personnel Management	2	23	Extreme Pizza's Headquarters, San Francisco Bay Area, Extreme Pizza in Arlington, Virginia, Extreme Pizza in Myrtle Beach, SC or other Designated Approved
Administration	2	24	Extreme Pizza's Headquarters, San Francisco Bay Area, Extreme Pizza in Arlington, Virginia, Extreme Pizza in Myrtle Beach, SC or other Designated Approved Facility
How to Manage the Store	1	37	Extreme Pizza's Headquarters, San Francisco Bay Area, Extreme Pizza in Arlington, Virginia, Extreme Pizza in Myrtle Beach, SC or other Designated Approved Facility
Accounting	6	12	Extreme Pizza's Headquarters, San Francisco Bay Area, Extreme Pizza in Arlington, Virginia, Extreme Pizza in Myrtle Beach, SC or other Designated Approved Facility
Advertising	2	3	Extreme Pizza's Headquarters, San Francisco Bay Area, Extreme Pizza in Arlington, Virginia, Extreme Pizza in Myrtle Beach, SC or other Designated Approved Facility

Subject	Hours of Classroom Training	Hours On-the-Job Training	Location
Sales	5	0	Extreme Pizza's Headquarters, San Francisco Bay Area, Extreme Pizza in Arlington, Virginia, Extreme Pizza in Myrtle Beach, SC or other Designated Approved Facility
Crew Training	0	12	Extreme Pizza's Headquarters, San Francisco Bay Area, Extreme Pizza in Arlington, Virginia, Extreme Pizza in Myrtle Beach, SC or other Designated Approved Facility
Store Opening	0	12	Extreme Pizza's Headquarters, San Francisco Bay Area, Extreme Pizza in Arlington, Virginia, Extreme Pizza in Myrtle Beach, SC or other Designated Approved Facility
Management Training	0	12	Extreme Pizza's Headquarters, San Francisco Bay Area, Extreme Pizza in Arlington, Virginia, Extreme Pizza in Myrtle Beach, SC or other Designated Approved Facility
Totals	20	180	

The training program will be conducted by Suzanne Duhig, Todd Parent, Nicole Lomonaco, Ernie Harris, Adam Thornton, and other operations managers. Our other management personnel are also periodically involved in training. The minimum experience of the instructors in the field that is relevant to the subject taught and our operations is from 9 to over 20 years.

You will be provided with an Operations Manual that will be utilized during training. The manual is approximately 203 pages. The Table of Contents of our Operations Manual is attached to this Disclosure Document as Exhibit B.

Advertising and Development Fund. We have established the Extreme Pizza Advertising and Development Fund (the "Fund") for the common benefit of System franchisees. (Section 12.5 of the Franchise Agreement). You must participate in and contribute weekly to the Fund up to 1% of your Gross Sales, which is payable through electronic funds transfer at the same time you pay your Royalty Fees. We will use the Fund contributions, in our sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in our sole judgment, the products and services offered by System franchisees. We have the sole right to determine contributions and expenditures from the Fund, and may use the Fund to satisfy any and all costs of maintaining, administering, directing, preparing, producing, placing and distributing advertising, including (a) the cost of producing, implementing, and placing television, radio, magazine, and newspaper advertising campaigns; (b) the cost of direct mail and outdoor billboard advertising; (c) the cost of public relations

activities and advertising agencies; (d) the cost of developing and maintaining an Internet website; and (e) personnel and other departmental costs for advertising that we internally administer or prepare.

We are not obligated to spend any amount on advertising in your area or territory and not all System franchisees will benefit directly or on a pro rata basis from our expenditures. While we do not anticipate that any part of Fund contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Fund for public relations or recognition of our brand, for the creation and maintenance of a website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available."

We may also use Fund contributions to develop and prepare advertising that we will distribute to System franchisees for their placement in local media outlets. The advertising will be prepared by us and by outside sources. If we do not spend all fund contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year. There is no requirement that the Fund be audited. Upon your written request, we will provide you with an annual, unaudited accounting of Fund expenditures which will be prepared within 120 days after each fiscal year end. We and our affiliates will make contributions to the Fund for those Franchised Restaurants owned by us or our affiliates equivalent to the contributions required of other Franchised Restaurants within the System. You must contribute the required percentage of Gross Sales to the Fund, regardless of amounts paid or percentages due from other System franchisees.

We will make a good faith effort to expend Fund monies in the general best interests of the System on a national or regional basis. We have the right to reimbursement from the Fund contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Fund and advertising programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs.

We have the right to terminate the Fund at any time, but will not do so until all monies contributed to the Fund have been spent for advertising and/or promotional purposes. Once contributions are made to the Fund, there will be used as described above and not returned to the contributors. We may cause the Fund to be incorporated or operated through an entity separate from us when we deem appropriate, with the successor entity having all of our rights and duties described above. If we elect to terminate the Fund, we may reinstate the Fund at any time and the reinstated Fund shall be administered as described above.

In our most recent fiscal year ending December 31, 2025, we spent 30% on advertising, 20% on ad PR, 40% on admin and 10% for solicitation of new franchisees.

Regional Advertising and Promotion Cooperative. We may designate a local or regional advertising coverage area in which your Franchised Restaurant business and at least one other Extreme Pizza restaurant is located for purposes of developing a cooperative local or regional advertising or promotional program ("Co-op Program"). (Section 12.6 of the Franchise Agreement). You must participate in and contribute to the Co-op Program in your advertising coverage areas in addition to other advertising contributions and expenditures as required under the Franchise Agreement, if you are so directed by us or a Regional Franchisee Council that we approve. The cost of the program will be allocated equally among locations in the area as we prescribe in our Operations Manual. Your contributions to a Co-op Program will be credited toward your local advertising and promotional expenditure as described below, but if the amount you contribute to a Co-op Program is less than the amount you must spend on local advertising, you must still spend the difference locally. If a Co-op Program is established, all Extreme Pizza restaurants operated by us or our affiliates that are located within the region will contribute to the Co-op Program on the same basis as franchisees. In no event will you have to contribute more than 85% of your local advertising requirement to Co-op Program campaigns. An "Advertising Coverage Area" shall be the area covered by the particular

advertising medium (television, radio, or other medium) as recognized by Arbitron, A.C. Nielsen or other similar nationally recognized survey company designated by us. At the time a program is submitted, we will submit a list to you of all operating Extreme Pizza restaurant businesses within your Advertising Coverage Area. If co-operative advertising is implemented in a particular region, we may establish an advertising council for franchisees in that region to self-administer the program. If we establish a Co-op Program with or without an advertising council, there are no limits on our rights to change, dissolve or merge such programs and/or councils at any time. The Co-op Program may be required to prepare annual financial statements, which will be available for review upon written request.

Local Advertising. In addition to the Fund contributions described above, you must spend the greater of \$24,000 a year or 3.5% of Gross Sales per each calendar quarter on local advertising and promotion in accordance with an annual plan approved by us and our standards and specifications (the “Local Advertising Requirement”). (Section 12.7 of the Franchise Agreement). You must budget, for each calendar quarter the greater of \$24,000 or 3.5% of your Gross Sales during the preceding calendar quarter. You must spend the local advertisement requirement as we prescribe in the Operations Manual or otherwise in writing, which may include requirements for placing a certain number and/or type(s) of media advertisements, or engaging certain public figures to assist us in promoting your Franchised Restaurant. The Local Advertising Requirement must be expended within your Designated Area, regardless of the amount(s) spent by other System franchisees on local advertising. You may spend any additional sums as you wish on local advertising, but you must use only the advertising and promotional materials that have been previously approved by us. You must present an annual plan to us outlining the expenditures of your local marketing budget. You must also send us proof of your Local Advertising Requirement expenditures by the 15th day of each month, in the manner we may specify.

Grand Opening Marketing: (Section 12.4 of the Franchise Agreement). You must conduct a marketing campaign announcing the grand opening of your Restaurant, and you must spend at least \$15,000 for this campaign. Your grand opening marketing campaign must be conducted in the initial 8 weeks of operation.

Regional Advisory Franchisee Council. You shall participate actively in a Regional Advisory Franchisee Council (“Council”), if established, and participate in all Council programs, for your particular Council that are approved by us. We, at our option, may form a Council when more than one franchisee operates a Franchised Restaurant in any given region, and the boundaries of the region will be determined in our sole discretion. The purposes of the Council include exchanging ideas and problem-solving methods, advising us on expenditures for regional advertising and coordinating franchisee efforts. You shall pay all assessments levied by the Council, and we have the right to enforce this obligation. Amounts and expenditures may vary due to variations in Council participation and costs as determined by a particular Council and as approved by us. We will have the right at any time to form, change, merge or dissolve any Council.

Computer Hardware and Software Requirements.

You must purchase or lease the HungerRush POS (“POS”) system. The computer system is made up of two to eight terminals, touch screen monitors, a server and HungerRush POS software all manufactured and provided through HungerRush. We expect that the cost of your POS system will be between \$1,000 and \$3,000. You will contract directly with HungerRush for service and upgrades. The average yearly cost for service and upgrades is approximately \$4,800 to \$12,000. The principal function of the system is to capture, track, and organize the customer database and financial information including sales, taxes, inventory, employee timekeeping, and transactions.

We may require that your HungerRush POS system be programmed to automatically transmit to us data and reports about the operation of your Restaurant, although you will also have independent access to

all information generated and stored on the system. We may also, at any time without notice, electronically connect with your Cloud-based HungerRush POS system to monitor or retrieve data stored on the HungerRush POS system or for any other purpose we deem necessary. There are no contractual limitations on our right to access the information and data on your HungerRush POS system. You must have a high-speed internet connection at all times. You must deliver to us all access codes, static internet protocol (“IP”) addresses and other information to facilitate our access to any electronic data within 30 days of opening your Franchised Restaurant (Sections 7.9.1 and 10.2).

We have a proprietary interest in all databases, lists, templates, programs and any other software components that have been created and/or customized for us using the HungerRush point-of-sale system (the “Proprietary Software”). In the future, we may further customize the Proprietary Software and create programs that conduct, among other things, scheduling, accounting, inventory, point-of-sale functions, and related activities. You must obtain the computer hardware necessary to implement the Proprietary Software into your Franchised Restaurant, and comply with all specifications and standards prescribed by us regarding the Proprietary Software as provided in the Operations Manual. This Proprietary Software will be proprietary to us and Confidential Information of ours. (Sections 7.9.2 and 10.2 of the Franchise Agreement).

We may at any time require you to update or upgrade your POS system to meet our then-current technology requirements. We may also require you to replace your POS system in favor of another system that we designate for all Extreme Pizza restaurants. There are no limits in the Franchise Agreement on either our right to require you to purchase updates or upgrades for your POS system, or to replace the POS system. Neither we nor any affiliate will provide you with any updates, upgrades or maintenance for your POS system.

Area Computer Network, Intranet or Extranet Participation

You must participate in any System-wide area computer network, intranet system or extranet system that we implement and may be required by us to use any area computer network, intranet system or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view and print portions of the Operations Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (iv) complete initial and ongoing training. You must use the facilities of any the area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Confidential Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

Internet

We may establish a website that provides information about the System and the products and services offered by Extreme Pizza restaurants. We may use part of the monies from the Fund to pay or reimburse ourselves for the costs associated with the development, maintenance and update of the website. We will be the webmaster, either directly or through a third party, and have sole discretion and control over the website.

We may design and provide to you a web page for the promotion of your Franchised Restaurant on our website. If we do this, we will have sole discretion and control over your web page. We will review and execute the requested changes to your web page. You are not permitted to maintain an individual website related to the Franchised Restaurant, or to establish a URL (uniform resource locator) incorporating any variation of the “Extreme Pizza” name or the Marks without our prior written approval. You may not violate our privacy policies and other policies as posted on the website.

Item 12

TERRITORY

Franchise Agreement

You will have the right to operate your Franchised Restaurant, including providing and delivering approved goods and services, soliciting purchases by customers within the geographic area described in the Franchise Agreement (the “Designated Area”), and will not engage in any direct marketing, delivery or other promotional activities outside of this area. The Designated Area will be determined by taking into consideration population density and other demographics and will be described in terms of street boundaries, cities or counties. You may service customers who are located outside of your Designated Area if they come to the premises of your Franchised Restaurant. Generally, we grant a Designated Area encompassing a radius of three to five miles around your location, although densely populated metropolitan areas may be granted a radius of one to two miles. There is no minimum size for a Designated Area. We reserve the right to operate Extreme Pizza restaurants outside the Designated Area on any terms we deem appropriate, and also the right to open businesses that sell products and services similar to those sold by Extreme Pizza restaurants at any location, as long as these good and services are sold under different trademarks or service marks.

We and our affiliates may sell products under the Marks within and outside your Designated Area through any method of distribution other than an Extreme Pizza Restaurant, including sales through channels of distribution such as the Internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales (together, “Alternative Distribution Channels”). You may not use the Alternative Distribution Channels to make sales outside or inside your Territory and you will not receive any compensation for our sales through alternative distribution channels. Any orders placed through our Website may be fulfilled by us and you will not receive any portion of our revenue from these sales, even if the order is delivered to a customer within your Designated Area.

You will not receive an 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 a right of first refusal to acquire additional franchises within your area. You will retain our territorial protection described above as long as the Franchise Agreement is in full force and effect and you are not in material default under any of the material terms of the Franchise Agreement. There are no minimum sales quotas, market penetration or other contingencies that you must meet to maintain your rights to the Designated Area, but you must use your best efforts in connection with the operation of your Franchised Restaurant. You maintain rights to your area even though the population increases.

If, for any reason, the term of your lease is shorter than the term of the Franchise Agreement and the lease cannot be renewed or extended, or you cannot continue for any other reason to occupy the Approved Location under your Franchise Agreement, you must relocate your Franchised Restaurant to a mutually acceptable site within your Designated Area to complete the unexpired portion of the term of the Franchise Agreement. You must notify us of your intention to relocate and procure a site acceptable to us within 90 days before closing operations at your current Approved Location. You must obtain a lease acceptable to us for build-out of the new Approved Location to our standards and specifications, and open for business at the new Approved Location within 30 days of closing business at your existing Approved Location. You must pay for any expenses related to the relocation and build-out of the new restaurant, including expenses incurred by us in approving the new Approved Location, such as any travel, meal, lodging, and payroll expenses associated with approving a new location.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We described earlier in this Item 12 what we may do anywhere and at any time.

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned restaurants that sell our Trademarked Product Lines or other products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

Area Development Agreement

We grant Area Development Agreements for the right to own and operate multiple Franchised Restaurants in a designated area (“Development Area”) according to the mandatory development schedule. The size of the Development Area will depend upon the number of Franchised Restaurants that we agree for you to open, and may be described in terms of town, county and/or state boundaries. Under the area development agreement, we will approve the location of future units and any territories for those units, and the then-current standards for sites and territories will apply. Provided you comply with the terms of the Area Development Agreement, and any Franchise Agreements signed for Franchised Restaurants within the Development Area, we will not locate another Franchised Restaurant operating under the Marks, whether owned by us or otherwise, in your Development Area. We will also prohibit any other franchisees from advertising or otherwise promoting their Franchised Restaurants in your Development Area, unless this advertising and marketing is done through a Co-op Program or the Fund. Failure to comply with the mandatory schedule set forth in the Area Development Agreement attached as Exhibit E to this Disclosure Document will result in termination of the Area Development Agreement.

There are no minimum sales goals, market penetration or other contingency you must meet to maintain your interests in the Development Area, except that you must meet your development schedule. There are no circumstances under which we may modify the boundaries of your Development Area during the term of the Area Development Agreement.

You will not receive an 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 may purchase the right to develop additional Franchised Restaurants in the Development Area during the term of your Area Development Agreement if you make an application to us, we approve your application, sign a separate Franchise Agreement and pay to us the initial franchise fee for each additional Franchise Restaurant you commit to develop. If you meet our requirements, including being in compliance with your current Area Development Agreement, we may grant your request to purchase an additional Development Area.

Reserved Rights under the Franchise and Area Development Agreements

Under the Franchise and Area Development Agreements we and our affiliates retain the right to:

- (i) own and operate Franchised Restaurants at any location(s) outside your territory (whether that be the Designated Area or Development Area as described above) under the Marks or any other marks, or to license others the right to own and operate Franchised Restaurants at any location(s) outside your territory under the Marks and System or any other marks and system;
- (ii) the right to own and operate businesses offering restaurant and dining services, including restaurants featuring pizza as a primary product, under different marks at any location(s) inside or outside of your territory, or license to others the right to own and operate such businesses under different marks at any location(s) inside or outside of your territory; and
- (iii) use the Marks and System in connection with services and products, promotional and marketing efforts,

or related items, or in alternative channels of distribution, including the sale of Trademarked Product Lines, Trade Secret Food Products, Menu Items, and any other goods and services offered by Extreme Pizza restaurants in wholesale and retail stores, via the Internet, and over mail order catalog, without regard to location; (iv) the exclusive right to operate and license others the right to own and operate Franchised Restaurants under the Marks and System in non-traditional sites, including interior rental space in shopping malls in excess of 500,000 square feet, airport concourses, professional sports facilities, college campuses, military installations, hotels, and casinos, regardless of location; and (v) use the Marks and System, and license others to use the Marks and System to engage in any other activities not expressly prohibited in the Franchise Agreement or Area Development Agreement, as applicable.

Alternative Channels of Distribution

Certain products or services, whether currently existing, in research and development, or developed in the future, may be distributed in your territory by us, our franchisees, licensees or designees, in the manner and through any channels of distribution as we, in our sole discretion, shall determine. Goods to be provided through alternative channels of distribution include our Trademarked Product Line, Trade Secret Food Products, Menu Items and any other goods and services provided by Extreme Pizza franchised restaurants. Alternative channels of distribution include sales of any products offered under the Marks at or through retail or wholesale stores, and over the Internet and mail order catalog. We reserve the right, among others, as to any service arrangements relating to our sale of products and services through alternative channels of distribution. The Franchise and Area Development Agreements grant you no rights: (i) to distribute the services as described in this paragraph; or (ii) to share in any of the proceeds from our activities through alternate channels of distribution.

Item 13 **TRADEMARKS**

You will have the limited right to use the Marks we designate to operate your Franchised Restaurant and/or Area Development Business. We are the owner of the following trademarks, which are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

Mark	Registration Number	Registration Date	Register
Extreme Pizza	2,187,793	September 8, 1998	Principal
Extreme Pizza (and design)	3,447,267	June 17, 2008	Principal
Extreme. Not Mainstream.	3,497,464	September 9, 2008	Principal

We have filed the required affidavits for the above marks related to incontestability and use in commerce. We have also filed application to renew the mark registered in 1998 within the time frame prescribed by the USPTO, and the renewal was accepted in March 2008.

You must follow our rules when you use these Marks. You cannot use the Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks in connection with the sale of any unauthorized products or services or in any manner not authorized in writing by us.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement actions or other material litigation pending concerning the Marks.

We have entered into an agreement with a company in Wisconsin operating under the name Pizza Extreme to resolve and settle a concurrent use proceeding before the U.S. Trademark Trial and Appeal Board. By the terms of this Agreement, we may not use our trademarks, with the exception of “EXTREME. NOT MAINSTREAM”, within the states of Iowa, Kansas, Minnesota, Missouri and Wisconsin. We have designated the following alternate marks for use in the above states: “X FACTOR PIZZA”, “SCREAMING TOMATO PIZZA”, “BLACK DIAMOND PIZZA” and “OUTER LIMITS PIZZA”. We do not have federal registrations for these alternate trademarks. Therefore, these trademarks do not have many legal benefits and rights as federally registered trademarks. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Outside of the enumerated states, we are allowed to use the marks without limitation. Other than the agreement described in the preceding paragraph, there are no agreements currently in effect which significantly limit our right to use or license the use of the Marks in any manner material to the franchise.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and may not communicate with any person other than us, our attorneys and your attorneys in connection with any infringement, challenge or claim. We have sole discretion to take any action as we deem appropriate and the right to control exclusively any litigation, USPTO proceeding or any other administrative proceeding arising from any infringement, challenge or claim or otherwise relating to any Mark. You must sign any instruments and documents, provide assistance and take any action that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceedings or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your out-of-pocket costs in assisting us in defending an action relating to the Marks, unless the litigation is the result of your use of the Marks in a manner inconsistent with the terms of any agreement(s) you sign with us.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Marks in any state; however, a federal trademark registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant market area. Therefore, before entering into the Franchise Agreement or Area Development Agreement, you should make every effort to make sure that there are no existing uses of the Marks or confusingly similar marks being used in the market area where you wish to do business. You should immediately notify us of any confusingly similar marks you discover.

We are the lawful and sole owner of the domain name www.extremepizza.com. You cannot register any of the Marks now or in the future owned by us or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the system on the Internet and to create, operate, maintain and modify, or discontinue using of a website using the Marks. You may access our website. Except as we may authorize in writing in advance, however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the world wide web; and (iii) create or register any Internet domain name in connection with your franchise.

You may use only the Marks which we designate, and may use them only in the manner we authorize and permit. Any goodwill associated with Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Marks only for the operation of the Franchised Restaurant and only at the Approved Location or in advertising for the Franchised Restaurant. You shall use all Marks without prefix or suffix and in conjunction with the

symbols “SM,” “TM,” “S” or “®,” as applicable. You may not use the Marks in connection with the offer or sale of any services or products which we have not authorized for use in connection with the System. You may not use the Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials “D/B/A” and the business name “Extreme Pizza.” You must promptly register at the office of the county in which your Franchised Restaurant is located, or any other public office as provided for by the laws of the state in which your Franchised Restaurant is located, as doing business under your assumed business name.

All of your advertising must prominently display the Marks and must comply with our standards for using the Marks. All advertising is subject to our prior written approval, which we will not unreasonably withhold. We reserve the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Marks. You may use the Marks, including trade dress, color combinations, designs, symbols, and slogans, only in the manner permitted by the Franchise Agreement or by our prior written consent. You must submit to us and we must approve all advertising, publicity, signs, decorations, furnishings, equipment or other materials employing the Marks, or related marks, before first publication or use. We will not unreasonably withhold our approval. You must identify yourself as the independent owner of the Franchised Restaurant (in the manner we prescribe) in conjunction with any use of the Marks including on invoices, order forms, receipts, and business stationery, or any conspicuous locations as we may designate in writing at the Franchised Restaurant premises.

We reserve the right to substitute different marks for use in identifying the System and the businesses operating thereunder. You must discontinue using all Marks which we have notified you, in writing, have been modified or discontinued within 30 days of receiving written notice and must promptly begin using additional, modified or substituted Marks at your expense.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights which are material to the franchise, but we claim common law copyright and trade secret protection for several aspects of the franchise System including our Operations Manual, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of any unauthorized use. We may revise our System and any of our copyrighted materials in our discretion, and may require that you stop using any outdated copyrighted material. You must pay for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement and Area Development Agreement, you will receive information which we consider trade secret and confidential information. You may not, during the term of your Agreement or after its termination or expiration, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any trade secrets, price marketing mixes, copyrighted materials, methods and other techniques and know-how concerning the operation of a Franchised Restaurant, or multiple Franchised Restaurants under an Area Development Agreement. You acknowledge and agree that confidential information includes trade secret information, including ideas, concepts, methods, recipes, ingredients, techniques, POS Databases and other customized components of our Proprietary Software, the composition of Trade Secret Food Products and Menu Items, and any information regarding the Trademarked Product Line(s) before their respective release (“Confidential Information”). You may divulge Confidential Information only to your employees who must have access to it to perform their employment obligations. You must have your manager and any personnel

having access to any of our Confidential Information sign an agreement stating that they will maintain the confidentiality of information they receive in connection with their employment and restricting their right to work for a competitor while they are employed by you. Your agreement, which will be in a form that we prescribe, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

The Franchise Agreement and Area Development Agreement provide that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of Franchised Restaurants, you shall promptly notify us and provide us with all necessary related information, without compensation. Any new concept, process or improvement shall become our sole property and we shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to any new concepts. You and your principals shall assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify any new concept, process or improvement, and otherwise shall waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any new concept, process or improvement in any and all countries and further agree to sign and provide us with all necessary documentation for obtaining and enforcing our rights. You and your principals shall irrevocably designate and appoint us as your agent and attorney-in-fact to sign and file any documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any new concept, process or improvement. If any provision of the Franchise Agreement or Area Development Agreement relating to new concepts are found to be invalid or otherwise unenforceable, you and your principals shall grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement if the use or sublicense would, absent the relevant agreements, directly or indirectly infringe on your rights to the new concepts.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You or a designated and approved manager or at least one of your principals, if you are a corporation, limited liability company or partnership, must personally supervise the day-to-day operations of any Franchised Restaurants you operate. You, a designated and approved manager or at least one of your principals must devote your/his/her personal full-time attention and best efforts to the management and operation of your Franchised Restaurant(s) and/or your Area Development Business, as applicable. You may delegate the day-to-day operation of your Franchised Restaurant(s) to a designated manager. If you employ a designated manager for your Franchised Restaurant, you must still make sure that the Franchised Restaurant is operated according to the terms of your Franchise Agreement, our Operations Manual and our System standards.

Your designated managers must successfully complete our initial training program before assuming any managerial responsibility. Your Franchised Restaurant must, at all times, be staffed with at least one individual who has successfully completed our initial training program. If you operate more than one Franchised Restaurant, you must have a properly trained designated manager at each location. You shall keep us informed at all times of the identity of any employees acting as designated managers of a Franchised Restaurant, and any change in their employment status. Neither the designated manager nor any other on-premises supervisor must have an equity interest in your Franchised Restaurant. Failure to complete the required training program may be detrimental to the success of your business.

In the event that a designated manager resigns or is otherwise terminated, you must hire a replacement who must complete initial training to our satisfaction within 60 days after being hired, subject

to the availability of our personnel. Your designated manager shall devote full time and best efforts to the day-to-day operation and management of the Franchised Restaurant and shall not engage in any other business activity without our prior written consent. You, your officers, directors, designated managers, other management personnel and, in some cases, their respective spouses shall be bound by the confidentiality and non-compete covenants of the Franchise Agreement and shall sign the Confidentiality and Restrictive Covenant Agreement attached as Attachment 5 to the Franchise Agreement.

You and your spouse (or if you are a corporation, each of your shareholders and their spouses; or if you are a partnership, each of your general partners and their spouses; or, if you are a limited liability company, each of your members and their spouses) must sign a Personal Guaranty attached as Attachment 2 to the Franchise Agreement and Area Development Agreement, as applicable.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must offer for sale and sell only those products and services that we have approved. You may not offer for sale any products or perform any services that we have not authorized. We have the right to change the types of authorized services and there are no limits upon our right to do so.

You must offer and sell all of the products and services which we require and only the products and services which we authorize for the System. You will not offer to sell or provide at or through your Franchised Restaurant any merchandise, products or services that have not approved in writing, or use the premises for any other purpose other than the operation of the Franchised Restaurant. You may not install any vending machines, jukeboxes, or video games on your Franchised Restaurant premises without our prior written consent. You may not use nor sell any products or suppliers which do not meet our standards and specifications.

Your grant of a franchise to operate a Franchised Restaurant and/or Area Development rights does not include: (i) any right to offer any services via e-commerce; (ii) any right to establish an independent website or to establish a URL incorporating the Marks or any variation of the Marks; or (iii) any right to distribute, market, or implement our products or services, including our Trademarked Product Line, Trade Secret Food Products or Menu Items, in any channel of distribution not specifically identified in the relevant agreements.

You will provide restaurant services and sell our products and other merchandise in accordance with our standards and specifications. We have the right to require you to offer and sell additional goods or services as we may designate. There are no limits on our right to do so. You are not allowed to solicit customers outside of your Designated Area or Development Area, as applicable, without our prior written approval. You shall at all times maintain sufficient levels of inventory to adequately satisfy consumer demand. You must stop using offering disapproved services or products immediately upon notice that certain services or products have been discontinued. If the law prohibits the use or sale of any product or service, use must stop immediately.

If we determine that you are using/carrying products or vendors that are not on the Approved Services and Products List and have not received a written approval to use an alternate supplier or product, we reserve the right to require you to pay us a fine in the amount of \$350 per violation.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the Franchise Term	2.1	15 years.
b. Renewal or extension of the term	2.2	You have the right to renew the Franchise Agreement for two successive, additional ten (10) year periods, provided certain conditions are met.
c. Requirements for franchisee to renew or extend	2.2	You timely notify us in writing of your intention to renew (at least one year, but not more than 18 months, before expiration of current term); you must demonstrate that you have the right to operate your Franchised Restaurant at the Approved Location for the duration of the renewal term or have secured an approved substitute location; no later than 90 days before the expiration of the then-current term, you have satisfactorily completed all necessary maintenance, refurbishing, renovating, updating and remodeling of the Franchised Restaurant premises to bring the Franchised Restaurant and all equipment into full compliance with our then-current System standards and specifications; you are not in breach of any provision of the Franchise Agreement, or any other agreement between you and us, our affiliates, and/or our major suppliers and vendors, and you have substantially complied with all agreements during their respective terms; you have satisfied all monetary obligations you owe us, our affiliates, and/or our major suppliers and vendors; you sign our then-current form of franchise agreement, which may contain materially different key terms, including changes in royalty and advertising fees, as well as grounds for termination; you satisfy our then-current training requirements; you pay a renewal fee; you sign a general release; and we have not notified you in writing that we object to the renewal and returned your renewal fee. You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees
d. Termination by franchisee	Not Applicable.	You may seek termination upon any grounds available by state law.

Provision	Section in Franchise Agreement	Summary
e. Termination by franchisor without cause	Not Applicable.	Not Applicable, however if you have signed an Area Developer Agreement with us and default under that Development Agreement we have the right to Terminate your Franchise Agreement without other cause.
f. Termination by franchisor with cause	15	We have the right to terminate the Franchise Agreement with cause. Cause includes a default under an Area Developer or other Franchise Agreement you may have signed with us.
g. Cause defined – curable defaults	15.3 and 15.4	We have the right to terminate the Franchise Agreement after providing you a 10-day cure period if: (i) you fail to pay any monies you owe us or our affiliates; (ii) any audit reveals that you have understated your royalty or advertising payments, or your local advertising expenditures, by more than 2%, or if you have failed to submit timely reports and/or remittances for any two reporting periods within any 12-month period; (iii) you fail to immediately endorse and deliver to us any payments due to us from any third party that is erroneously made to you; (iv) you fail to maintain a sufficient inventory levels; (v) you fail to open the Franchised Restaurant for business within 12 months from the date you sign the Franchise Agreement; (vi) you fail to operate the Franchised Restaurant during the months, days and hours that we prescribe; (vii) you fail to personally supervise Franchised Restaurant operations or employ adequate personnel; (viii) you fail to maintain our quality controls and standards; (ix) you conduct yourself in a manner which reflects adversely on the System, the Marks, or our products; (x) you fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your Franchised Restaurant; (xi) you are in default under any other Agreement you have with us, including other Franchise Agreements or Area Development Agreements and fail to cure with in ten days. We have the right to terminate the Franchise Agreement after providing you a 30-day cure period if you fail to perform or comply with any one or more of the terms or conditions of the Franchise Agreement.
h. Cause defined – non-curable defaults	15.1 and 15.2	The Franchise Agreement shall automatically terminate without notice or an opportunity to cure if: (i) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Franchised Restaurant; (ii) proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and proceedings are not dismissed within 60 days, or a trustee or receiver is appointed

Provision	Section in Franchise Agreement	Summary
		for you or the Franchised Restaurant without your consent, and the appointment is not vacated within 60 days; (iii) you purport to sell, transfer or otherwise dispose of your interest in the Franchise Business without our written approval. We have the right to terminate the Franchise Agreement with notice but without providing you an opportunity to cure if: (i) you take part in criminal acts or misconduct; (ii) you commit fraud in the operation of the Franchised Restaurant; (iii) you make any misrepresentations in connection with the franchise application; (iv) you fail to complete our initial training program prior to opening your Franchised Restaurant; (v) you receive three or more written notices of default within any 12-month period; (vi) you materially breach any other agreement with us or our affiliates; (vii) you misuse the Marks, proprietary materials or Confidential Information; (viii) you violate any health, safety or sanitation law; (ix) you violate the in-term restrictive covenants of the Franchise Agreement; (x) a lien or writ of attachment or execution is placed against you and is not released or bonded against within thirty (30) days; (xi) you are insolvent; (xii) you abandon the Franchised Restaurant; (xiii) you offer any unauthorized or unapproved products or services in connection with the operation of your Franchised Restaurant; (xiv) you order or purchase supplies from unapproved suppliers; (xv) you misuse our any proprietary or designated software or any area computer network, intranet system, or extranet system we may establish; (xvi) you fail to comply with any governmental notice of non-compliance with any law or regulation within 15 days of the notice; (xvii) any governmental action is taken against you that results in any obligation upon us; (xviii) you fail to comply with any laws or regulations regarding terrorism; (xix) you take any assets or property of the Franchised Restaurant for your personal use; (xx) there are insufficient funds in your bank account to cover a check or EFT payment to us three or more time within any 12 month period or (xxi) you are in default under any other Agreement you have with us, including other Franchise Agreements or Area Development Agreements and fail to cure with in ten days.
i. Franchisee's obligations on termination/non-renewal	16.1	Upon termination or expiration of the Franchise Agreement, you must: (i) stop all operations under the Franchise Agreement; (ii) promptly pay all sums you owe us; (iii) stop using the Marks and System, including any customized POS Databases or other components of the Proprietary Software; (iv) return to us the Operations Manual and all other manuals, proprietary and Confidential Information; (v) stop using and assist in transferring all of your telephone numbers to us; (vi) vacate the Franchised

Provision	Section in Franchise Agreement	Summary
		Restaurant premises if we exercise our rights under the Collateral Assignment of Lease; (vii) return to us all items reflecting the Marks; (viii) stop holding yourself out as our franchisee; (ix) take necessary action to amend or cancel any business name or equivalent registration which contains our trade name or Marks; (x) allow us to inspect your financial records; (xi) comply with the post-term covenants contained in the Franchise Agreement; (xii) stop using in advertising or in any other manner any methods, procedures or techniques associated with us or the System; and (xiii) sign periodically any papers, documents, and assurances necessary to effectuate termination or nonrenewal.
j. Assignment of contract by franchisor	14.6	We have the right to assign our rights under the Franchise Agreement.
k. "Transfer" by franchisee – defined	14.2	A sale, transfer or assignment requiring our prior written consent shall be deemed to occur: (i) if you attempt to sell, transfer, assign, or encumber any portion of the Franchised Restaurant or any interest in this Agreement or the Franchised Restaurant; (ii) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of corporation's voting stock or any increase in the number of outstanding shares of corporation's voting stock which results in a change of ownership, (iii) if you are a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iv) if you are a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, or member or manager owning more than 10% of the outstanding shares of the corporation must personally guarantee Franchisee's obligations under the Franchise Agreement.
l. Franchisor approval of transfer by franchisee	14.1	You may not transfer any rights exceeding a 10% ownership interest in the franchise without our prior written consent. We have the right to condition our approval of any sale, transfer, assignment or encumbrance as described below.
m. Conditions for franchisor approval of transfer	14.2.2	Our approval of a proposed transfer is conditioned upon you and/or your transferee meeting all of the following conditions, as applicable: (i) all of your accrued monetary obligations to us have been paid; (ii) all existing defaults under the Franchise Agreement have been cured; (iii) you sign a general release in favor of us and our affiliates; (iv) you provide us a copy of the signed purchase agreement; (v) the transferee meets our qualifications; (vi) the transferee signs our then-current franchise agreement for a full 15 year term and pays to us the then-current initial franchise fee; (vii) you pay us a transfer fee; (viii) the transferee satisfactorily completes our training program; (ix) you comply with the post

Provision	Section in Franchise Agreement	Summary
		term provisions of the Franchise Agreement; (x) the transferee obtains all necessary licenses and permits necessary operate the Franchised Restaurant; (xi) as required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer; (xii) the transfer is made in compliance with all applicable laws; (xiii) the purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Restaurant and performance under its franchise agreement; (xiv) you must request that we provide the prospective transferee with our current form of disclosure document and we shall not be liable for any representations not included in the disclosure document; (xv) our approval of the transfer shall not constitute a waiver of any claims we may have against the transferring party; (xvi) we shall have the right to disclose to any prospective transferee revenue reports and other financial information concerning you and your Franchised Restaurant as you have supplied us; (xvii) we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise, however, our approval will not be unreasonably withheld; and (xviii) the transferee shall conduct a grand opening advertising campaign.
n. Franchisor's right of first refusal to acquire franchisee's business	14.2.1	You must first offer to sell to us on the same terms and conditions as those offered by a third party. We will notify you, within 30 days after receiving the offer, whether we wish to exercise our right to purchase your business. Once we exercise our right of first refusal, we will close the purchase transactions within 120 days from the date of exercising the right. If we do not exercise our right of first refusal within 30 days, then you have 90 days to complete the transfer to the third party subject to the approval conditions set forth in 14.2.2. If you do not consummate the sale in those 90 days, then we will again have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	16.3	We have an option to purchase the assets of your Franchised Restaurant at market value upon termination or expiration of the Franchise Agreement.
p. Death or disability of franchisee	14.2 and 14.5	Upon your death or disability, your rights under the Franchise Agreement may pass to your heirs or legatees, provided that, within 180 days of your death or disability, they agree to assume your obligations under the Franchise Agreement, successfully complete our initial training program, and otherwise meet our satisfaction. We have the right, but not the obligation, to operate the Franchised Restaurant in the event of your death or disability.

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	17.1	During the term of the Franchise Agreement, neither you, your officers, directors, principals, nor any members of your immediate family or the immediate family (spouse, domestic partner or dependent) of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (i) own, maintain, engage in, lend money to, extend credit to, have substantial interest in (substantial interest shall be defined as having an owning more than 25% of the outstanding shares of a corporation or more than 25% ownership interest in a partnership or other entity), or be employed as an officer, director, executive, or principal of any other business engaging, in whole or in part, in dispensing, promoting or selling pizza products as a principal food item (at least 20% of gross revenues during any calendar quarter) or otherwise operating a pizza restaurant or offering food products substantially similar to those offered in Extreme Pizza restaurants, except that this non-compete does not apply to your operation of any other Franchised Restaurant; or (ii) divert or attempt to divert any business or customer of the Franchised Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System. Subject to applicable state law.
r. Non-competition covenants after the franchise is terminated or expires	17.2	For a period of two years after the expiration, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your officers, directors, principals, nor any members of your immediate family (spouse, domestic partner or dependent) or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (1) own, maintain, engage in, lend money to, extend credit to, have a substantial interest in (substantial interest shall be defined as having an owning more than 25% of the outstanding shares of a corporation or more than 25% ownership interest in a partnership or other entity), or be employed as an officer, director, executive, or principal of any other business engaging, in whole or in part, in dispensing, promoting or selling pizza products as a principal food item (at least 20% of gross revenues during any calendar quarter) or otherwise engaged in the business of franchising, licensing or operating a pizza restaurant or offering food products substantially similar to those offered in Extreme Pizza restaurants within the following geographical areas as of the date of expiration, transfer or termination of this Agreement: (i) at the Franchised Restaurant Premises; (ii) within a radius of 20 miles of the perimeter of (a) the Designated Area being granted hereunder, (b) any other Designated Area licensed by us, or (c)

Provision	Section in Franchise Agreement	Summary
		any Designated Area where a System franchise is otherwise operating or under development, including our or Affiliate-owned restaurants; (2) solicit business from customers of your former Franchised Restaurant for any competitive business purpose if your new business venture is in the business of dispensing, promoting or selling pizza products as a principal food item (at least 20% of gross revenues during any calendar quarter) or otherwise engaged in the business of offering franchises for, licensing of, or operating pizza restaurants or offering food products substantially similar to those offered in Extreme Pizza restaurants, within the geographical areas described above as of the date of expiration, transfer or termination of the Franchise Agreement; (3) contact any of our suppliers or vendors for any competitive business purpose if your new business venture is in the business of dispensing, promoting or selling pizza products as a principal food item (at least 20% of gross revenues during any calendar quarter) or otherwise engaged in the business of offering franchises for, licensing of, or operating pizza restaurants or offering food products substantially similar to those offered in Extreme Pizza restaurants, within the geographical areas described above as of the date of expiration, transfer or termination of the Franchise Agreement. Subject to applicable state law.
s. Modification of the agreement	22.1	The Franchise Agreement may only be modified or amended in writing signed by all parties.
t. Integration/ merger clause	22.1	The Franchise Agreement constitutes the entire agreement by the parties. Nothing in the Franchise Agreement, or any related agreement, is intended to disclaim the representations we made in this disclosure document. Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	18.2, 18.3 and 18.11	You must bring all disputes before our President and Chief Executive Officer prior to bringing a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to mediation in San Francisco, California in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect, subject to state law. All parties rights to a jury trial are waived (subject to state law).
v. Choice of forum	18.4	All claims not subject to mediation must be brought before a court of general jurisdiction in San Francisco, California or the United States District Court presiding over San Francisco, California. You consent to the personal jurisdiction and venue of any court of

Provision	Section in Franchise Agreement	Summary
		general jurisdiction in San Francisco, California, and the United States District Court presiding over San Francisco, California (subject to state law).
w. Choice of law	18.1	The Franchise Agreement is governed by the laws of the state of California, except as to Section 17 of the Area Development Agreement, relating to post-term non-competition obligations, which shall be construed pursuant to the law of the state where the Franchised Restaurant is located (subject to state law).

THE AREA DEVELOPER RELATIONSHIP

Provision	Section of the Area Development Agreement	Summary
a. Length of the franchise term	1.1	As determined between the parties based upon the number of Franchised Restaurants to be open within the Development Area.
b. Renewal or extension of the term.	Section 3.1.1	We have the option to grant you an extension of time to open the required number of Franchised Restaurants in any given Development Period.
c. Requirements for area developer to renew or extend.	Not Applicable	An extension will be granted in our sole discretion and may be denied for any reason, but you must request an extension in writing at least 60 days before the expiration of the given Development Period you wish to extend for us to even consider an extension. The Area Development Agreement itself is not renewable
d. Termination by area developer.	Not Applicable	Not Applicable.
e. Termination by franchisor without cause.	Not Applicable	Not Applicable, however if you have signed an Area Developer Agreement with us and default under that Development Agreement we have the right to Terminate your Franchise Agreement without other cause.
f. Termination by franchisor with cause.	10	We have the right to terminate the Area Development Agreement with cause. Cause includes a default under an Area Developer or other Franchise Agreement you may have signed with us.
g. "Cause" defined – curable defaults	10.5, 10.3 and 10.4	The Area Development Agreement will terminate with notice and a 60 day opportunity to cure if you fail to meet the Mandatory Development Schedule set forth in Section 3 of the Area Development Agreement. Agreement will terminate after we provide you with notice and a 10 day opportunity to cure if you: (i) fail to make any payments

Provision	Section of the Area Development Agreement	Summary
		as and when due to us, our affiliates, or designated and approved suppliers and vendors and this default is not cured within five days of when you receive notice of the non-payment from us; (ii) if any audit reveals that you have underreported royalty or advertising payments, or local advertising expenditures for your Franchised Restaurants, in the aggregate, by more than 2%, or if you have failed to submit timely reports and/or remittances for any two reporting periods within any 12-month period, as required under the individual franchise agreements; (iii) if you fail to immediately endorse and deliver to us any payments due to us from any third party that is erroneously made to you; (iv) if you fail to maintain sufficient working capital to adequately meet your obligations under the Mandatory Development Schedule and meet your obligations under the Area Development Agreement; (v) if you fail to begin operations within the time period provided for in the Area Development Agreement; (vi) if you fail to personally supervise day-to-day operation of your Franchised Restaurants or fail to employ a sufficient number of qualified, competent personnel as we periodically require; (vii) you are in default under any other Agreement you have with us, including other Franchise Agreements or Area Development Agreements and fail to cure with in ten days. We may terminate this Agreement if you fail to perform or comply with any one or more of the terms of this Agreement or any ancillary Agreement that are not listed above, and that default is not cured within 30 days of being notified by us.
h. "Cause" defined – non-curable defaults	10.1 and 10.2	The Area Development Agreement shall automatically terminate without notice or an opportunity to cure if: (i) you are adjudicated bankrupt, become insolvent, suffer a permanent or temporary court-appointed receivership of substantially all of your property, you make a general assignment for the benefit of creditors, or suffer the filing of a voluntary or involuntary bankruptcy petition; (ii) if you make an unauthorized transfer. The Area Development Agreement shall automatically terminate with notice and without opportunity to cure if: (i) you or your principals are convicted of or plead guilty or no contest to a felony or take part in any criminal misconduct relevant to the operation of the Area Developer Business or a Franchised Restaurant; (ii) if you or your principals commit any fraud or misrepresentation in the operation Area Developer Business or an individual Franchised Restaurant; (iii) if you or your principals make any material misrepresentation or omission in connection with your franchise application, including but not limited to any financial misrepresentation; (iv) if you fail to complete initial training as provided in Section 4.1 of the Area Development Agreement; (v)

Provision	Section of the Area Development Agreement	Summary
		if we send you three or more written notices to cure any breach of the Area Development Agreement or any individual Franchise Agreements, or any other agreements you may enter into with us in any given 12 month period; (vi) if you fail to keep the cumulative number of Franchised Restaurants required under the Mandatory Development Schedule open and operating during the term of this Area Development Agreement; (vii) if you or your principals materially breach any other agreement with us or any of our affiliates, or major suppliers, or threaten any material breach of any agreement and fails to cure the breach within any permitted period for cure; (viii) if you materially violate any provision pertaining to the Marks or Confidential Information or misuse of the Marks or Confidential Information; (ix) if you violate the in-term restrictive covenant contained in the Area Development Agreement or any individual Franchise Agreements; (x) if a levy of writ of attachment or execution or any other lien is placed against you or your principals or any assets of the Area Developer Business which is not released or bonded against within 30 days; (xi) if you or your principals become insolvent; (xii) if you misuse our Proprietary Software; (xiii) if you fail to maintain insurance or to repay us for insurance paid for by us, or otherwise fail to adhere to the requirements of Section 10; (xiv) if you fail, within 15 calendar days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the Area Developer Business or a Franchised Restaurant; (xv) if any governmental action is taken against you that results in an obligation upon us which we deem uneconomical, not in our best interests, or would result in us having an unintended relationship or obligation; (xvi) if you fail to comply with the provisions of Section 19 of the Area Development Agreement; (xvii) if you fail to comply with the confidentiality provisions of the agreement; (xviii) you are in default under any other Agreement you have with us, including other Franchise Agreements or Area Development Agreements and fail to cure with in ten days.
i. Area developer's obligations on termination / non-renewal.	12	You must: (i) pay us any amounts owed under the Area Development Agreement and any other Agreement to us; (ii) stop using the Marks; (iii) follow our termination procedures; transfer all telephone numbers of the Franchised Restaurant to us; (iv) comply with post-termination non-compete provisions; (iv) cancel fictitious business names, and adhere to the covenant not to compete and covenant not to solicit in the Area Development Agreement; and (iv) furnish to us, within 30 days after the effective date of termination or expiration, evidence satisfactory to show you have complied with these obligations.

Provision	Section of the Area Development Agreement	Summary
j. Assignment of contract by franchisor	11.7	We have the right to sell, transfer, assign and/or encumber all or any part of our assets and our interest in, and rights and obligations under, the Area Development Agreement.
k. "Transfer" by area developer – defined	11.1 and 11.2	A sale, transfer or assignment requiring our prior written consent occurs: (i) if you are an individual, any sale, transfer assignment or encumbrance on your interest in the Area Development Business; (ii) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of your voting stock, or any increase in the number of outstanding shares of your voting stock which results in a change in ownership; (iii) if you are a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; (iv) if you are a limited liability company, upon any assignment, sale, pledge or transfer of any fractional portion of any interest in the limited liability company.
l. Franchisor approval of transfer by area developer.	11.1 and 11.2	Our written approval of any transfer exceeding a 10% ownership interest is required before you transfer the Franchise to a third party.
m. Conditions for franchisor approval of transfer	11.4	We may condition approval of the transfer upon any of the following: (i) you must satisfy all accrued monetary obligations to us, our affiliates, and our designated/approved suppliers; (ii) you must cure any defaults under the Area Development Agreement or any other agreement between you and us, our affiliates, or our designated/approved suppliers; (iii) you and transferee (if transferee had a prior relationship with us) must execute a general release in the form we specify; (iv) you must provide us with a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules; (v) transferee must demonstrate that he or she meets our educational, managerial, and business standards; (vi) transferee must execute our then-current Area Development Agreement for a full term with a mutually agreed upon duration by us and transferee; (vii) transferee must pay to us the then-current Area Development Fee for the number of Franchised Restaurants open or to be opened under the Area Development Agreement; (viii) you or transferee must pay a transfer fee; (ix) transferee must complete our training program within the time frame we set forth; (x) you and your immediate family comply with post-term obligations; (xi) transferee obtains all permits and licenses; (xii) lessors agree to transfer; (xiii) transfer complies with applicable laws; (xiv) purchase price is not unduly burdensome; (xv) you must request that we provide transferee with current form of disclosure document; (xvi) we may withhold or condition our consent to any transfer as deem appropriate under the circumstances.

Provision	Section of the Area Development Agreement	Summary
n. Franchisor's right of first refusal to acquire area developer's business.	11.3	You must first offer to sell to us on the same terms and conditions as those offered by a third party for a period of 30 days. If we do not exercise our right, and you subsequently fail to consummate the sale to a third party within 90 days, we again have a right of first refusal.
o. Franchisor's option to purchase area developer's business.	Not Applicable	Not Applicable. Provisions for purchasing individual Franchised Restaurants are provided in Franchise Agreements.
p. Death or disability of area developer.	11.6	Your legal representative shall have the right to continue the Area Developer Business if certain conditions are met within a 45 day period.
q. Non-competition covenants during the term of the franchise.	13.2 and Terms of Individual Franchise Agreements	During the term of the Area Development Agreement, neither you, your officers, directors, principals, nor any members of your immediate family (spouse, domestic partner or dependent) or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (i) own, maintain, engage in, lend money to, extend credit to, have a substantial interest in (substantial interest shall be defined as having an owning more than 25% of the outstanding shares of a corporation or more than 25% ownership interest in a partnership or other entity), or be employed as an officer, director, executive, or principal of any other business engaging, in whole or in part, in dispensing, promoting or selling pizza products as a principal food item (at least 20% of gross revenues during any calendar quarter) or otherwise operating a pizza restaurant or offering food products substantially similar to those offered in Extreme Pizza restaurants, except that this non-compete does not apply to your operation of any other Franchised Restaurant; (ii) employ or seek to employ any person who is at that time employed by us, our affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce an employee to leave his or her employment; or (iii) divert or attempt to divert any business or customer of the Franchised Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.
r. Non-competition covenants after the franchise is terminated or expires.	13.3 and Terms of Individual Franchise Agreements	For a period of two years after the expiration, transfer or termination of the Area Development Agreement, regardless of the cause, neither you, your officers, directors, principals, nor any members of your immediate family (spouse, domestic partner or dependent) or the immediate family of your officers,

Provision	Section of the Area Development Agreement	Summary
		directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (1) own, maintain, engage in, lend money to, extend credit to, have a substantial interest in (substantial interest shall be defined as having an owning more than 25% of the outstanding shares of a corporation or more than 25% ownership interest in a partnership or other entity), or be employed as an officer, director, executive, or principal of any other business engaging, in whole or in part, in dispensing, promoting or selling pizza products as a principal food item (at least 20% of gross revenues during any calendar quarter) or otherwise engaged in the business of franchising, licensing or operating a pizza restaurant or offering food products substantially similar to those offered in Extreme Pizza restaurants within the following geographical areas as of the date of expiration, transfer or termination of this Agreement: (i) at the premises of any of your Franchised Restaurants; (ii) within a radius of 20 miles of the perimeter of (a) the Development Area granted under the Area Development Agreement, (b) any other Designated Area licensed by us, or (c) any Designated Area where a System franchise is otherwise operating or under development, including our or Affiliate-owned restaurants; (2) solicit business from customers of your former Franchised Restaurant if your new business venture is in the business of dispensing, promoting or selling pizza products as a principal food item (at least 20% of gross revenues during any calendar quarter) or otherwise engaged in the business of offering franchises for, licensing of, or operating pizza restaurants or offering food products substantially similar to those offered in Extreme Pizza restaurants, within the geographical areas described above as of the date of expiration, transfer or termination of this Agreement; (3) contact any of our suppliers or vendors for any competitive business purpose if your new business venture is in the business of dispensing, promoting or selling pizza products as a principal food item (at least 20% of gross revenues during any calendar quarter) or otherwise engaged in the business of offering franchises for, licensing of, or operating pizza restaurants or offering food products substantially similar to those offered in Extreme Pizza restaurants, within the geographical areas described above as of the date of expiration, transfer or termination of this Agreement; or (4) solicit any of our employees, or the employees of our affiliates or any other System franchisee to discontinue employment.
s. Modification of the agreement.	14	Must be in writing signed by the parties, except: (i) the Operations Manual which is subject to change; and (ii) we may

Provision	Section of the Area Development Agreement	Summary
		reduce to scope of the restrictive covenants in Section 13 and may do so upon written notice to you pursuant to Section 13.6.
t. Integration / merger clause.	17	Area Development Agreement is the entire agreement. Nothing in this Section, or any related agreement, is intended to disclaim the representations we made in this disclosure document. Only the terms of the franchise agreement and area development agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and area development agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation.	16.2, 16.3 and In individual franchise agreements.	You must bring any disputes to our Presidents and Chief Executive Officer prior to bringing a claim before any third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to mediation in San Francisco, California in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect, subject to state law. All parties waive their right to a jury trial (subject to state law).
v. Choice of forum.	16.3	All claims not subject to mediation must be brought before a court of general jurisdiction in San Francisco, California, or the United States District Court presiding over San Francisco, California. You consent to the personal jurisdiction and venue of any court of general jurisdiction in San Francisco, California, and the United States District Court presiding over San Francisco, California (subject to state law).
w. Choice of law.	16.1	The Area Development Agreement is governed by the laws of the state of California, except as to Section 13.3 of the Area Development Agreement, relating to post-term non-competition obligations, which shall be construed pursuant to the law of the state where the Development Area is located (subject to state law).

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 any reasonable basis for the information, and if the information is included in the disclosure document. Financial information

that differs from that included in Item 19 may only be given 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.

BACKGROUND

This Item sets forth certain historical data from our company owned and franchised Restaurants.

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

TABLE 1: COMPANY RESTAURANTS

We have 1 company Restaurant. The following Table 1 presents the average and median gross sales of 1 company-owned Restaurant.

Table 1					
2025 Average Gross Sales For 1 Company Restaurant					
Average Gross Sales	Percentage of Restaurants that met or surpassed the Average Gross Sales	Number of Restaurants that met or surpassed the Average Gross Sales	Median Gross Sales	Percentage of Restaurants that met or surpassed the Median Gross Sales	Number of Restaurants that met or surpassed the Median Gross Sales
\$958, 026	100%	1 of the 1	\$958,026	100%	1 of the 1
The Lowest 10%, Middle 80% and Highest 10% of 1Company Restaurants					
		Average Gross Sales		Median Gross Sales	
Highest 10% of Restaurants		\$958,026		\$0	
Middle 80% of Restaurants		\$0		\$0	
Lowest 10% of Restaurants		\$0		\$0	

Highest of Restaurants \$958,026

Lowest of Restaurants \$958,026

TABLE 2: FRANCHISED RESTAURANTS

We have 20 franchised Restaurants but have only included gross sales for the 15 franchised Restaurants that operated the full 12 months of 2025. We have excluded 4 franchised Restaurants because they did not operate the full 12 months of 2025: 1 franchised Restaurant is closed seasonally, 5 operated a partial year due to remodels. The following represents the average and median sales achieved by 15 franchised owned Restaurants for the period of January 2025 through December 2025.

These Franchised Restaurants include non-traditional operations such as food trucks, sports and entertainment venues as well as other seasonal restaurants that may not benefit from traditional operations, consumers, and restaurant hours.

Table 2 – Extreme Pizza *Franchised Restaurants 2025 Average and Median Gross Sales For 18 Franchised Restaurants					
Average Gross Sales	Percentage of Restaurants that met or surpassed the Average Gross Sales	Number of Restaurants that met or surpassed the Average Gross Sales	Median Gross Sales	Percentage of Restaurants that met or surpassed the Median Gross Sales	Number of Restaurants that met or surpassed the Median Gross Sales
\$794,149	40%	6 of the 15	\$727,535	40%	6 of the 15
The Lowest 10%, Middle 80% and Highest 10% of the 18 Franchise Restaurants					
	Average Gross Sales		Median Gross Sales		
Highest 10% of Restaurants	\$1,785,025		\$1,785,025		
Middle 80% of Restaurants	\$678,718		\$727,535		
Lowest 10% of Restaurants	\$276,035		\$276,035		

Highest of Restaurants \$1,785,025

Lowest of Restaurants \$276,035

Gross sales are calculated as deducting the following from total revenue: Sales tax, Comps, Sales discounts, voids, delivery fees. The financial performance representation does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur to operate an Extreme Pizza Restaurant. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

These Restaurants offered the same products and services to the public as you will. The Restaurants reports gross sales information to us based upon a uniform reporting system. Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request. The information presented above has not been audited.

Other than the preceding financial performance representation, OOC, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such 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 the Extreme Pizza's management by contacting Todd Parent, OOC, Inc. d/b/a Extreme Pizza, 1062 Folsom Street, San Francisco, California 94103 or by telephone at (415) 760-2203, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
FRANCHISED OUTLETS

Table No. 1
Systemwide Outlet Summary
For Years 2023 to 2025

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2023	21	22	+1
	2024	22	20	-2
	2025	20	19	-1
Company-Owned	2023	3	1	-2
	2024	1	1	0
	2025	1	1	0
Total Outlets	2023	24	23	-1
	2024	23	21	-2
	2025	21	20	-1

Table No. 2
Transfers of Franchised Outlets from Franchisees to New Owners (Other than the Franchisor)
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Number of Transfers
California	2023	0
	2024	0
	2025	2
Totals	2023	0
	2024	0
	2025	2

Table No. 3
Status of Franchised Outlets
For Years 2023 to 2025

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina- tions	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
California	2023	8	0	0	0	0	1	11
	2024	11	1	0	0	0	1	11
	2025	11	1	0	0	0	0	12
Idaho	2023	3	10	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Michigan	2023	2	0	0	0	0	2	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
New Jersey	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
South Carolina	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Texas	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	1	1
	2025	1	0	0	0	0	0	1
Virginia	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	1	2
	2025	2	0	0	0	0	0	2
Washington DC	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	1	0	0	0	0
Totals	2023	21	3	0	0	0	2	22
	2024	22	1	0	0	0	3	20
	2025	20	1	1	0	0	0	20

Table No. 4
Status of Company-Owned Outlets

For Years 2023 to 2025

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
California	2023	3	0	0	0	2	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Total	2023	3	0	0	1	2	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1

Table No. 5
Projected Openings as of December 31, 2025

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Open	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company- Owned Outlets In The Next Fiscal Year
California	1	0	0
Florida	1	2	0
Virginia	1	0	0
Totals	3	2	0

A list of our franchisees, area developers and area representatives and telephone numbers of their businesses is attached as Exhibit H to this Franchise Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee, area developer or area representative who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or Area Development Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit H to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

Certain former franchisees have signed confidentiality agreements in the previous three years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Extreme Pizza. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

We are not aware of any trademark-specific franchisee organizations associated with the franchise system, which are required to be disclosed in this Franchise Disclosure Document.

Item 21
FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as Exhibit C are copies of our audited financial statements for the fiscal years 2023 through fiscal year ending 2025.

Our fiscal year end is December 31.

Item 22
CONTRACTS

Attached as Exhibits to this Disclosure Document are the following contracts and their exhibits:

- Exhibit D – Franchise Agreement
- Exhibit E – Area Development Agreement
- Exhibit F – Sample Termination and Release Agreement
- Exhibit I – Franchisee Acknowledgement Statement

Item 23
RECEIPTS

This Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to us.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	NYC Department of Law 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8211 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, State Capitol, 14 th Floor, Dept. 414, Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B TO THE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF OPERATIONS MANUAL

Extreme Pizza's Training Modules and Quick Reference Materials

Table Of Contents



1. Introductory Materials
 - A. Mission Statement
 - B. Policy Manual
 - C. Employee Cover Sheet
 - D. New Hire Forms
 - E. Two Week Training Timeline (Manager)
 - F. Four Week Training Timeline (Franchisee)



2. Management Training Program
 - A. Introduction
 - B. How to Manage
 - C. Customer Service



3. Management Procedures and Regulations Module
 - A. Cash Counting Policy
 - B. End of Night Procedures
 - C. Discipline Module
 - D. Personnel Action Form



4. Training Sessions
 - A. Instore Management Training
 - B. Cashier Training Module
 - C. Pizza Maker Training Module
 - D. Delivery Driver Training Module



5. Complaint and Comp Module
 - A. Complaint Policy For Managers
 - B. Comp Worksheet
 - C. Customer Complaint Form



6. Safe Food Handling Module
 - A. The Steps Of HACCP
 - B. Organization and Receiving Module
 - C. Hazard Analysis Worksheets
 - D. Temperature Recording Guide
 - E. Customer Illness Form



7. Equipment Module

- A. Introduction to Equipment
- B. Equipment Maintenance Schedule
- C. Troubleshooting Guide
- D. Small Wares List



8. Cost Controls and Management Bonus Program

- A. The Importance of Controllable Costs
- B. Bonus Criteria



9. Safety

- A. Injury and Illness Prevention Program
- B. Safety Orientation
- C. Store Walk-Through Document

EXHIBIT C TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

**OOC INC., dba EXTREME PIZZA
FRANCHISING DIVISION**

**INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2025 AND 2024**

**OOC Inc., dba Extreme Pizza
Franchising Division
Financial Statements
December 31, 2025 and 2024**

<u>Table of Contents</u>	<u>Page</u>
Accountants' Report	1
<u>Financial Statements</u>	
Balance Sheets	2-3
Statement of Income	4
Statement of Accumulated Earnings	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11

David T. Louie

1200 Dore Ave Suite 202
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Certified Public Accountant

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Independent Auditors' Report

Board of Directors
OOC Inc., dba Extreme Pizza

We have audited the accompanying balance sheet of OOC Inc., dba Extreme Pizza Franchising Division as of December 31, 2025 and 2024, and the related statements of income, accumulated earnings, and cash flows for the years then ended. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OOC Inc., dba Extreme Pizza Franchising Division, as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

David T. Louie, CPA



April 16, 2026

**OOO Inc., dba Extreme Pizza
Franchising Division
Balance Sheet
December 31, 2025 and 2024**

Assets

Current Assets:	<u>2025</u>	<u>2024</u>
Cash	\$ 2,717.	\$ 5,796.
Accounts Receivable - Franchises	9,543.	11,857.
Inter-company Transfer Account (Note 3)	<u>6,514,391.</u>	<u>6,068,354.</u>
Total Current Assets	<u>6,526,651.</u>	<u>6,086,007.</u>
Non-current Assets:	<u>-0-</u>	<u>-0-</u>
Other Assets:		
Trademark	<u>30,000.</u>	<u>30,000.</u>
Total Assets	<u>\$ 6,556,651.</u>	<u>\$ 6,116,007.</u>

See Accompanying Notes to Financial Statements

**OOC Inc., dba Extreme Pizza
Franchising Division
Balance Sheet
December 31, 2025 and 2024**

Liabilities and Equity

Current Liabilities:	<u>2025</u>	<u>2024</u>
Accrued Expenses	\$ <u>5,000.</u>	\$ <u>5,000.</u>
Total Current Liabilities	<u>5,000.</u>	<u>5,000.</u>
Non-current Liabilities:	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>5,000.</u>	<u>5,000.</u>
Equity:		
Paid-in Capital (Note 3)	5,000.	5,000.
Accumulated Earnings	<u>6,546,651.</u>	<u>6,106,007.</u>
	<u>6,551,651.</u>	<u>6,111,007.</u>
Total Liabilities and Equity	<u>\$ 6,556,651.</u>	<u>\$ 6,116,007.</u>

See Accompanying Notes to Financial Statements

OOO Inc., dba Extreme Pizza
Franchising Division
Statements of Income
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenue (Note 2)	\$ 754,565.	\$ 822,246.
Expenses:		
Direct Franchising		
Advertising & Marketing	\$ 38,632.	\$ 34,742.
Travel, Meals, & Public Relations	34,434.	20,098.
Professional Fees	5,000.	20,110.
Commission Expense	-0-	15,000.
Operating Expenses	<u>17,108.</u>	<u>4,269.</u>
	<u>95,174.</u>	<u>94,219.</u>
Allocated Indirect Expenses		
Salaries & Wages	41,340.	48,462.
Payroll Taxes & Benefits	12,325.	16,498.
Advertising, Marketing, & Public Relations	153,296.	169,378.
Rent, Telephone, & Utilities	<u>11,786.</u>	<u>11,346.</u>
	<u>218,747.</u>	<u>245,684.</u>
Total Expenses	<u>313,921.</u>	<u>339,903.</u>
Income (Loss) from Operations	<u>440,644.</u>	<u>486,343.</u>
Net Income (Loss)	<u>\$ 440,644.</u>	<u>\$ 482,343.</u>

See Accompanying Notes to Financial Statements

**OOO Inc., dba Extreme Pizza
Franchising Division
Statements of Accumulated Earnings
For the Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Accumulated Earning Balance - January 01	\$ 6,106,007.	\$ 5,623,664.
Net Income	<u>440,644.</u>	<u>482,343.</u>
Accumulated Earning Balance - December 31	<u>\$ 6,546,651.</u>	<u>\$ 6,106,007.</u>

See Accompanying Notes to Financial Statements

OOO Inc., dba Extreme Pizza
Franchising Division
Statement of Cash Flow
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ 440,644.	\$ 482,343.
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Accounts Receivable - Franchise	2,314.	175.
Accrued Expenses	<u>-0-</u>	<u>-0-</u>
Net Cash Provided by Operating Activities	<u>442,958.</u>	<u>482,518.</u>
Cash Flows from Financing Activities:		
Long-Term Note Receivable	<u>-0-</u>	<u>-0-</u>
	<u>-0-</u>	<u>-0-</u>
Inter-company Transfer Account	<u>(446,037.)</u>	<u>(479,598.)</u>
Net Cash Provided (Used)	<u>(3,079.)</u>	<u>2,920.</u>
Cash at Beginning of Year	<u>5,796.</u>	<u>2,876.</u>
Cash at End of Year	<u>\$ 2,717.</u>	<u>\$ 5,796.</u>

See Accompanying Notes to Financial Statements

**OOO Inc., dba Extreme Pizza
Franchising Division
Notes to Financial Statements
December 31, 2025 and 2024**

(Note 1) Summary of Significant Accounting Policies

Nature of the Business

OOO Inc., (the Company) was incorporated in California on February 14, 1994. The Company started as an operator of pizza restaurants and began to develop and sell franchising rights for pizza restaurants in the year 2000. The Company currently owns one pizza restaurant in San Francisco.

The Franchising Division of the Company was formed in the year 2000 to develop and sell franchising rights for pizza restaurants. The Franchising Division of the Company operates as a separate operating unit and maintains its own books and accounting records. However, the Franchising Division's statements of income and balance sheet are consolidated with that of the Company for year-end financial statement reporting and income tax return filing.

As of December 31, 2025 and December 31, 2024, there were twenty franchise-owned Extreme Pizza restaurants operating throughout the United States. Twelve of these restaurants are located in California, two in Virginia, three in Idaho, and one each in Texas, New Jersey, and South Carolina. See Note 5 for the detail breakdown by year and location.

Use of Estimates

In preparing the financial statements in conformity with Generally Accepted Accounting Principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates include amounts of accounts receivable and notes receivable from franchisees that may become uncollectible.

**OOO Inc., dba Extreme Pizza
Franchising Division
Notes to Financial Statements
December 31, 2025 and 2024**

(Note 1) Summary of Significant Accounting Policies (Continued)

Franchise Revenues and Expenses

The Franchising Division revenue is generated from franchise fees, sales of territorial rights, franchise royalties, vendors' rebates, and selling of equipment to franchisees.

The franchise royalties are computed based on a percentage of gross sales (less sales tax and less promotional coupon discounts) per franchise as specified in the franchise agreement. The rate is 5% based on gross of sales plus an additional 1% for advertising and design expenditures.

Cash and Cash Equivalents

For the purpose of the statement of cash flow, the Company considers all highly liquid investments with a maturity of three months or less to be a cash equivalent.

Income Taxes

The Company is a C Corporation under the applicable provisions of the Internal Revenue Code. The audited Financial Statements do not include a provision for income taxes because the Franchise Division does not incur federal or state income taxes. Instead, the Franchising Division's operating income (losses) is consolidated with the Company's other income and expenses in deriving a taxable income under the applicable provision of the Internal Revenue and Franchise Tax Codes.

**OOO Inc., dba Extreme Pizza
Franchising Division
Notes to Financial Statements
December 31, 2025 and 2024**

(Note 2) REVENUES

Extreme Pizza's system-wide revenues for the year ending December 31, 2025 totaled \$12,640,451. The total sales from the one corporate-owned pizza restaurant totaled \$958,026. and sales from the franchise-owned restaurants accounted for \$11,682,425. The balance of the Corporation revenues for year ended December 31, 2025 were earned by the sale of territorial rights, franchising royalties, and vendors' rebates. The summary of revenues generated from these sources by the Franchising Division for years 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Franchise Fees & Sales of Territorial Rights	\$ 52,500.	\$ 105,000.
Franchise Royalty Fees (5% Net Sales)	471,746.	497,274.
Franchise Advertising and Design Expenditures Revenue (1% Net Sales)	100,482.	109,551.
Vendors' Rebates	<u>129,837.</u>	<u>110,421.</u>
	<u>\$ 754,565.</u>	<u>\$ 822,246.</u>

(Note 3) Related Party Transaction

Inter-company Transfer Account

Franchising and territorial fee receipts are deposited into the Franchising Division cash account. The monthly receipts of franchise royalty are based on 5% of gross sales and payments from franchisee notes are deposited into the Company's general cash account. All of the Franchising Division's operating expenses are paid from the Company's general cash account. The difference between receipts and disbursements by the Company's cash account for the Franchising Division are settled by transfer to and from these two cash accounts. The open balance is accounted for as Inter-company Transfer Account.

Paid-in Capital

Upon the formation of the Franchising Division, the Company opened a cash account with \$5,000. as starting capital.

**OOC Inc., dba Extreme Pizza
Franchising Division
Notes to Financial Statements
December 31, 2025 and 2024**

Allocation of General Operating Expenses

Direct franchising expenses are fully deducted and general operating expenses are allocated and charged to the Franchising Division based on estimates of management.

(Note 3) Related Party Transaction (Continued)

Advertising and Design Fund

Franchises are required to pay 1% of their revenues towards the Extreme Pizza advertising and design fund. The revenues are accounted for in the audited Financial Statements of Extreme Pizza's Franchise Division. The advertising and design fund is managed solely by the franchisor. As the franchisor also owns one Extreme Pizza restaurant, it also contributes 1% towards the fund. The summary of the Franchise advertising and designing fund revenue net of expenses incurred for year 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Franchise Advertising & Designing Fee Revenue	\$ 100,482.	\$ 109,551.
Franchisor's Allocated 1% Contribution Towards Advertising and Design Fund	<u>19,407.</u>	<u>13,262.</u>
	<u>119,889.</u>	<u>122,813.</u>
Direct Advertising & Marketing Expense	38,632.	34,742.
Allocated Advertising, Marketing, & Public Relations Expense	<u>153,296.</u>	<u>169,378.</u>
	<u>191,928.</u>	<u>204,120.</u>
Net of Revenue in Excess of Franchise Advertising & Marketing Expense Incurred (Deficit)	<u>\$ (72,039.)</u>	<u>\$ (81,307.)</u>

(Note 4) Concentration of Business Risk

Location

The Company's corporate office which includes the Franchising Division has moved and is now located in San Francisco, California.

Cash and Cash Equivalents

The Company and Franchising Division maintain cash accounts with Wells Fargo Bank which has branch offices located in California and throughout the United States.

**OOC Inc., dba Extreme Pizza
Franchising Division
Notes to Financial Statements
December 31, 2025 and 2024**

(Note 4) Concentration of Business Risk (Continued)

Accounts Receivable

Receivables potentially subject the Franchising Division to credit risk. Such credit risk is considered by management to be limited due to the Franchisees' collection and credit history. Account receivables account for 0.014% of the Franchising Division total assets as of December 31, 2025, and 0.196% of the Franchise Division total assets as of December 31, 2024.

(Note 5) Franchise Locations

The following is a summary of franchise locations as of December 31, 2025 and 2024 by states:

<u>State & Country Name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
California	12	11
Virginia	2	2
Idaho	3	3
New Jersey	1	1
South Carolina	1	1
Washington D.C.	0	1
Texas	<u>1</u>	<u>1</u>
Total for the Year	<u>20</u>	<u>20</u>

Two new Franchise-owned restaurants are scheduled to open in 2026: one in Florida and one in Virginia.

(Note 6) Operating Leases

The Franchising Division shares its office space with the Company's corporate retail location which is located at 1062 Folsom Street, San Francisco, CA 94103.

**OOC INC., dba EXTREME PIZZA
FRANCHISING DIVISION**

**INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2024 AND 2023**

**OOC Inc., dba Extreme Pizza
Franchising Division
Financial Statements
December 31, 2024 and 2023**

<u>Table of Contents</u>	<u>Page</u>
Accountants' Report	1
<u>Financial Statements</u>	
Balance Sheets	2-3
Statement of Income	4
Statement of Accumulated Earnings	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11

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Independent Auditors' Report

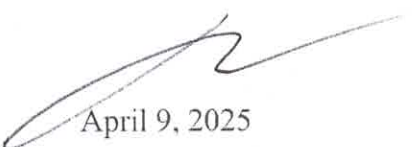
Board of Directors
OOC Inc., dba Extreme Pizza

We have audited the accompanying balance sheet of OOC Inc., dba Extreme Pizza Franchising Division as of December 31, 2024 and 2023, and the related statements of income, accumulated earnings, and cash flows for the years then ended. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OOC Inc., dba Extreme Pizza Franchising Division, as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

David T. Louie Accountancy Corp.



April 9, 2025

**OOO Inc., dba Extreme Pizza
Franchising Division
Balance Sheet
December 31, 2024 and 2023**

Assets

Current Assets:	<u>2024</u>	<u>2023</u>
Cash	\$ 5,796.	\$ 2,876.
Accounts Receivable - Franchises	11,857.	12,032.
Inter-company Transfer Account (Note 3)	<u>6,068,354.</u>	<u>5,588,756.</u>
Total Current Assets	<u>6,086,007.</u>	<u>5,603,664.</u>
Non-current Assets:	<u>-0-</u>	<u>-0-</u>
Other Assets:		
Trademark	<u>30,000.</u>	<u>30,000.</u>
Total Assets	<u>\$ 6,116,007.</u>	<u>\$ 5,633,664.</u>

See Accompanying Notes to Financial Statements

**OOC Inc., dba Extreme Pizza
Franchising Division
Balance Sheet
December 31, 2024 and 2023**

Liabilities and Equity

Current Liabilities:	<u>2024</u>	<u>2023</u>
Accrued Expenses	\$ <u>5,000.</u>	\$ <u>5,000.</u>
Total Current Liabilities	<u>5,000.</u>	<u>5,000.</u>
Non-current Liabilities:	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>5,000.</u>	<u>5,000.</u>
Equity:		
Paid-in Capital (Note 3)	5,000.	5,000.
Accumulated Earnings	<u>6,106,007.</u>	<u>5,623,664.</u>
	<u>6,111,007.</u>	<u>5,628,664.</u>
Total Liabilities and Equity	<u>\$ 6,116,007.</u>	<u>\$ 5,633,664.</u>

See Accompanying Notes to Financial Statements

OOO Inc., dba Extreme Pizza
Franchising Division
Statements of Income
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue (Note 2)	\$ 822,246.	\$ 796,987.
Expenses:		
Direct Franchising		
Advertising & Marketing	\$ 34,742.	\$ 26,989.
Travel, Meals, & Public Relations	20,098.	9,904.
Professional Fees	20,110.	19,855.
Commission Expense	15,000.	11,603.
Operating Expenses	<u>4,269.</u>	<u>3,823.</u>
	<u>94,219.</u>	<u>72,174.</u>
Allocated Indirect Expenses		
Salaries & Wages	48,462.	55,327.
Payroll Taxes & Benefits	16,498.	8,121.
Advertising, Marketing, & Public Relations	169,378.	154,066.
Rent, Telephone, & Utilities	<u>11,346.</u>	<u>11,070.</u>
	<u>245,684.</u>	<u>228,584.</u>
Total Expenses	<u>339,903.</u>	<u>300,758.</u>
Income (Loss) from Operations	<u>486,343.</u>	<u>496,229.</u>
Net Income (Loss)	<u>\$ 482,343.</u>	<u>\$ 496,229.</u>

See Accompanying Notes to Financial Statements

**OOC Inc., dba Extreme Pizza
Franchising Division
Statements of Accumulated Earnings
For the Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Accumulated Earning Balance - January 01	\$ 5,623,664.	\$ 5,127,435.
Net Income	<u>482,343.</u>	<u>496,229.</u>
Accumulated Earning Balance - December 31	<u>\$ 6,106,007.</u>	<u>\$ 5,623,664.</u>

See Accompanying Notes to Financial Statements

OOO Inc., dba Extreme Pizza
Franchising Division
Statement of Cash Flow
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ 482,343.	\$ 496,229.
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Accounts Receivable - Franchise	175.	13.
Accrued Expenses	<u>-0-</u>	<u>(250.)</u>
Net Cash Provided by Operating Activities	<u>482,518.</u>	<u>495,992.</u>
Cash Flows from Financing Activities:		
Long-Term Note Receivable	<u>-0-</u>	<u>-0-</u>
	<u>-0-</u>	<u>-0-</u>
Inter-company Transfer Account	<u>(479,598.)</u>	<u>(496,193.)</u>
Net Cash Provided (Used)	<u>2,920.</u>	<u>(201.)</u>
Cash at Beginning of Year	<u>2,876.</u>	<u>3,077.</u>
Cash at End of Year	<u>\$ 5,796.</u>	<u>\$ 2,876.</u>

See Accompanying Notes to Financial Statements

**OOC Inc., dba Extreme Pizza
Franchising Division
Notes to Financial Statements
December 31, 2024 and 2023**

(Note 1) Summary of Significant Accounting Policies

Nature of the Business

OOC Inc., (the Company) was incorporated in California on February 14, 1994. The Company started as an operator of pizza restaurants and began to develop and sell franchising rights for pizza restaurants in the year 2000. The Company currently owns one pizza restaurant in San Francisco.

The Franchising Division of the Company was formed in the year 2000 to develop and sell franchising rights for pizza restaurants. The Franchising Division of the Company operates as a separate operating unit and maintains its own books and accounting records. However, the Franchising Division's statements of income and balance sheet are consolidated with that of the Company for year-end financial statement reporting and income tax return filing.

As of December 31, 2024, there are twenty franchise-owned Extreme Pizza restaurants operating throughout the United States and twenty-three during year 2023. Eleven of these restaurants are located in California, two in Virginia, three in Idaho, and one each in Texas, New Jersey, South Carolina, and Washington D.C. See Note 5 for the detail breakdown by year and location.

Use of Estimates

In preparing the financial statements in conformity with Generally Accepted Accounting Principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates include amounts of accounts receivable and notes receivable from franchisees that may become uncollectible.

**OOC Inc., dba Extreme Pizza
Franchising Division
Notes to Financial Statements
December 31, 2024 and 2023**

(Note 1) Summary of Significant Accounting Policies (Continued)

Franchise Revenues and Expenses

The Franchising Division revenue is generated from franchise fees, sales of territorial rights, franchise royalties, vendors' rebates, and selling of equipment to franchisees.

The franchise royalties are computed based on a percentage of gross sales (less sales tax and less promotional coupon discounts) per franchise as specified in the franchise agreement. The rate is 5% based on gross of sales plus an additional 1% for advertising and design expenditures.

Cash and Cash Equivalents

For the purpose of the statement of cash flow, the Company considers all highly liquid investments with a maturity of three months or less to be a cash equivalent.

Income Taxes

The Company is a C Corporation under the applicable provisions of the Internal Revenue Code. The audited Financial Statements do not include a provision for income taxes because the Franchise Division does not incur federal or state income taxes. Instead, the Franchising Division's operating income (losses) is consolidated with the Company's other income and expenses in deriving a taxable income under the applicable provision of the Internal Revenue and Franchise Tax Codes.

**OOO Inc., dba Extreme Pizza
Franchising Division
Notes to Financial Statements
December 31, 2024 and 2023**

(Note 2) REVENUES

Extreme Pizza's system-wide revenues for the year ending December 31, 2024 totaled \$13,605,024. The total sales from the one corporate-owned pizza restaurant totaled \$1,039,382. and sales from the franchise-owned restaurants accounted for \$12,565,642. The balance of the Corporation revenues for year ended December 31, 2024 were earned by the sale of territorial rights, franchising royalties, and vendors' rebates. The summary of revenues generated from these sources by the Franchising Division for years 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Franchise Fees & Sales of Territorial Rights	\$ 105,000.	\$ -0-
Franchise Royalty Fees (5% Net Sales)	497,274.	539,748.
Franchise Advertising and Design Expenditures Revenue (1% Net Sales)	109,551.	120,696.
Vendors' Rebates	<u>110,421.</u>	<u>136,543.</u>
	<u>\$ 822,246.</u>	<u>\$ 796,987.</u>

(Note 3) Related Party Transaction

Inter-company Transfer Account

Franchising and territorial fee receipts are deposited into the Franchising Division cash account. The monthly receipts of franchise royalty are based on 5% of gross sales and payments from franchisee notes are deposited into the Company's general cash account. All of the Franchising Division's operating expenses are paid from the Company's general cash account. The difference between receipts and disbursements by the Company's cash account for the Franchising Division are settled by transfer to and from these two cash accounts. The open balance is accounted for as Inter-company Transfer Account.

Paid-in Capital

Upon the formation of the Franchising Division, the Company opened a cash account with \$5,000. as starting capital.

OOO Inc., dba Extreme Pizza
Franchising Division
Notes to Financial Statements
December 31, 2024 and 2023

Allocation of General Operating Expenses

Direct franchising expenses are fully deducted and general operating expenses are allocated and charged to the Franchising Division based on estimates of management.

(Note 3) Related Party Transaction (Continued)

Advertising and Design Fund

Franchises are required to pay 1% of their revenues towards the Extreme Pizza advertising and design fund. The revenues are accounted for in the audited Financial Statements of Extreme Pizza's Franchise Division. The advertising and design fund is managed solely by the franchisor. As the franchisor also owns one Extreme Pizza restaurant, it also contributes 1% towards the fund. The summary of the Franchise advertising and designing fund revenue net of expenses incurred for year 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Franchise Advertising & Designing Fee Revenue	\$ 109,551.	\$ 120,696.
Franchisor's Allocated 1% Contribution Towards Advertising and Design Fund	<u>13,262.</u>	<u>6,606.</u>
	<u>122,813.</u>	<u>127,302.</u>
Direct Advertising & Marketing Expense	34,742.	26,989.
Allocated Advertising, Marketing, & Public Relations Expense	<u>169,378.</u>	<u>111,316.</u>
	<u>204,120.</u>	<u>138,305.</u>
Net of Revenue in Excess of Franchise Advertising & Marketing Expense Incurred (Deficit)	<u>\$ (81,307.)</u>	<u>\$ (11,003.)</u>

(Note 4) Concentration of Business Risk

Location

The Company's corporate office which includes the Franchising Division has moved and is now located in San Francisco, California.

Cash and Cash Equivalents

The Company and Franchising Division maintain cash accounts with Wells Fargo Bank which has branch offices located in California and throughout the United States.

**OOC Inc., dba Extreme Pizza
Franchising Division
Notes to Financial Statements
December 31, 2024 and 2023**

(Note 4) Concentration of Business Risk (Continued)

Accounts Receivable

Receivables potentially subject the Franchising Division to credit risk. Such credit risk is considered by management to be limited due to the Franchisees' collection and credit history. Account receivables account for 0.19% of the Franchising Division total assets as of December 31, 2024, and 0.21% of the Franchise Division total assets as of December 31, 2023.

(Note 5) Franchise Locations

The following is a summary of franchise locations as of December 31, 2024 and 2023 by states:

<u>State & Country Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
California	11	12
Virginia	2	3
Idaho	3	3
New Jersey	1	1
South Carolina	1	1
Washington D.C.	1	1
Texas	<u>1</u>	<u>2</u>
Total for the Year	<u>20</u>	<u>23</u>

Two new Franchise-owned restaurants are scheduled to open in 2025: one in Florida and one in California. One previously closed Franchise-owned restaurant located in California is scheduled to reopen in 2025.

(Note 6) Operating Leases

The Franchising Division shares its office space with the Company's corporate retail location which is located at 1062 Folsom Street, San Francisco, CA 94103.

EXHIBIT D TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

OOO, INC. d/b/a EXTREME PIZZA

Table of Contents

1.	GRANT OF FRANCHISE	3
2.	TERM AND RENEWAL	5
3.	FEES.....	6
4.	PROPRIETARY MARKS.....	8
5.	CONFIDENTIAL INFORMATION	10
6.	FRANCHISOR’S OBLIGATIONS.....	11
7.	FRANCHISEE’S OBLIGATIONS	13
8.	INSURANCE	22
9.	FINANCIAL RECORDS AND REPORTS	23
10.	TRAINING.....	24
11.	BOOKS AND RECORDS.....	25
12.	ADVERTISING	26
13.	INDEPENDENT LICENSEE; RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.....	30
14.	SALE OR TRANSFER	32
15.	BREACH AND TERMINATION.....	36
16.	RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION	40
17.	COVENANTS	42
18.	DISPUTE RESOLUTION.....	44
19.	REPRESENTATIONS	46
20.	GUARANTY OF PRINCIPALS AND THEIR SPOUSES.....	46
21.	NOTICES	46
22.	MISCELLANEOUS.....	47

Attachments:

- 1 – Site Selection Addendum
- 2 – Spousal Guaranty
- 3 – Collateral Assignment of Lease
- 4 – Internet Advertising, Social Media and Telephone Account Agreement
- 5 – Confidentiality And Restrictive Covenant Agreement
- 6 – Electronic Funds Withdrawal Authorization
- 7 - Provisions Applicable to SBA Financing
- 8 – Entity Interests Attachment

OOO, INC. d/b/a EXTREME PIZZA

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement"), is made and entered into on this day_____, by and between OOO, Inc. ("Franchisor", ("we", "us" or "our"), a California corporation, having its principal address at 1062 Folsom Street, San Francisco, CA 94103, and _____, a(n) _____, with its principal place of business located at _____ and _____'s principal(s) _____, an individual residing at _____ and _____, an individual residing at _____ ("Principal(s)"). _____ and Principal(s) shall be collectively referred to in this Agreement as the ("Franchisee", "you" or "your"),

RECITALS

WHEREAS, Franchisor, as a result of the expenditure of time, skill, effort and money has developed and owns a unique system identified by the mark EXTREME PIZZA, relating to the establishment, development and operation of restaurant facilities that: (i) provide on-premises dining as well as carry-out and/or delivery services, featuring gourmet pizza products, other entrees, salads, desserts and other food and beverage products, all prepared in accordance with specified recipes and procedures ("Menu Items"); (ii) has developed and continues to further develop a proprietary line of food products as part of the Menu Items including special sauces and marinades, special dessert recipes and special spice mixes ("Trade Secret Food Products"); and (iii) may develop and offer and sell to Franchisee for retail sale to its customers an assortment of private-labeled apparel and related products and merchandise bearing the EXTREME PIZZA trademark and logo ("Trademarked Product Lines"), all of which may be changed by Franchisor from time to time (the "Franchised Restaurant"); and

WHEREAS, Franchisor has developed a unique system in connection with the establishment and operation of an Extreme Pizza restaurant, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior layout, design and color scheme; exclusively designed signage, decorations, furnishings and materials; special recipes, formulae, menus and food and beverage designations; Trade Secret Food Products; the EXTREME PIZZA Confidential Operations Manual; the EXTREME PIZZA Proprietary Software Program; EXTREME PIZZA Trademarked Product Lines; food and beverage storage, preparation and service procedures and techniques; operating procedures for sanitation and maintenance; and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion and advertising; all of which may be changed, improved and further developed by Franchisor from time to time (the "System"); and

WHEREAS, Franchisor is the owner of the right, title and interest together with all the goodwill connected thereto in and to the trade names, service marks and trademarks EXTREME PIZZA, "EXTREME PIZZA, plus the design", associated logos and commercial symbols, and such other trade names, service marks, and trademarks as are now designated (and may hereinafter be designated by Franchisor in writing) as part of the System (the "Marks") and has licensed the use of such Marks to Franchisee with the right to sublicense others to use the Marks. Franchisor and its affiliates continue to develop, use and control such Marks for the benefit and use of themselves and franchisees in order to identify for the public the source of food products and services marketed thereunder and to represent the

System's high standards of quality regarding Menu Items, operations, food products, ingredients, appearance and service; and

WHEREAS, Franchisor is engaged in the business of granting franchises to own and operate EXTREME PIZZA franchised restaurant businesses offering food products and services authorized and approved by Franchisor and utilizing the System and Marks; and

WHEREAS, Franchisee has applied to Franchisor to operate a Franchised Restaurant and such application has been approved in reliance upon all the representation made therein; and

WHEREAS, Franchisee hereby acknowledges that adherence to the terms of this Agreement and the standards and specifications of Franchisor are essential to the operation of the Franchised Restaurant and to the operations of the System; and

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

1. GRANT OF FRANCHISE

1.1 **Grant and Acceptance.** Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a franchise for the right to establish and operate one (1) Franchised Restaurant, under the System and Marks identified in this Agreement, and the right to use said System and Marks in the operation of the Franchised Restaurant. Franchisor has the right to supplement, improve or otherwise modify the System from time to time in Franchisor's discretion, and Franchisee agrees to comply with all changes which may include, without limitation, the offer and sale of new or different products or services as Franchisor may specify. The foregoing grant to Franchisee does not include: (i) any right to offer any product or service via e-commerce; (ii) any right to establish an independent website or to establish a uniform resource locator ("URL") incorporating the Marks or any variation thereof; (iii) any right to sell merchandise via wholesale; or (iv) any right to otherwise distribute, market, or implement Franchisor's products and services in any channel of distribution not specifically identified in this Agreement.

1.2 **Reservation of Rights.** Franchisee expressly understands and agrees that Franchisor and its affiliates shall have the right, in Franchisor's sole discretion, to: (i) own and operate Franchise Restaurants at any location(s) outside of Franchisee's Designated Area (as defined in Section 1.4 below) under the Marks, or to license others the right to own and operate Extreme Pizza restaurants at any location(s) outside of Franchisee's Designated Area under the Marks and System; (ii) the right to own and operate restaurants under different marks at any location(s) inside or outside of Franchisee's Designated Area, or license to others the right to own and operate restaurants under different marks at any location(s) inside or outside of Franchisee's Designated Area; (iii) use the Marks and System in connection with services and products, promotional and marketing efforts, or related items, or in alternative channels of distribution, including the sale of any Menu Items, Trade Secret Food Products and/or Trademarked Product Lines in wholesale and retail stores, via the Internet, and through mail order catalog, without regard to location; (iv) the exclusive right to operate and license others the right to own and operate Franchised Restaurants under the Marks and System in non-traditional sites such as hotels, casinos, sports and entertainment venues, regardless of location; and (v) use the Marks and System, and license others to use the Marks and System to engage in any other activities not expressly prohibited in this Agreement.

1.3 **Approved Location.** Franchisee may operate the Franchised Restaurant only at the approved location identified in the Data Sheet (the “Approved Location”). If Franchisor has not approved a location for Franchisee to operate the Franchised Restaurant as of the date Franchisee signs this Agreement, the parties shall enter into the Site Selection Addendum attached as Attachment 1 to this Agreement, the terms of which shall govern the parties’ site selection obligations. Franchisee may not relocate the Franchised Restaurant without Franchisor’s prior written consent and pursuant to the provisions of Section 7.1.5 below.

1.4 **Designated Area.** Franchisee receives a protected area which may vary in size and dimensions from that of other System franchisees. Franchisor shall not establish or operate, nor license to any party other than Franchisee the right to establish and operate, and Franchise Restaurant under the System and Marks within this protected area (the “Designated Area”), during the term hereof.

1.4.1 Excluded Territory. The interior rental space of all shopping malls in excess of five hundred thousand (500,000) square feet, and with regard to all highway facilities (that is, state-owned or state-operated facilities within the rights-of-way of major limited access parkways, throughways, or toll roads), airport concourses, professional sports facilities, college campuses, and military installations which either currently exist or which may be developed are specifically excluded from any territorial protection granted under Section 1.4 of this Agreement.

1.4.2 Determination of the Designated Area. The criteria used for determining the boundaries of the Designated Area may include: the population base; density of population; growth trends of population; apparent degree of affluence of population; the density of residential and business entities; location of competing businesses and major and restricting topographical features which clearly define contiguous areas, such as rivers, mountains, major freeways and underdeveloped land areas. As a result of these considerations, one Designated Area may vary in size, population density, and other features from another area. Site approval and determination of a corresponding Designated Area shall be completed by Franchisor following receipt of a proposed area and site description from Franchisee. The determination of the Designated Area shall be made and agreed upon between Franchisor and Franchisee. Failure to agree upon a Designated Area may result in Franchisor's disapproval of the proposed site as a Franchised Restaurant location for the said Franchisee, in which event the provisions of Section 7.1.1, below, shall apply as if no acceptable site were found by the parties within the specified time. As set forth above, the Designated Area selected is described in writing in the Data Sheet and made a part of this Agreement.

1.5 **Retention of Territorial Protection.** Franchisor's grant of territorial protection in Section 1.4 above shall remain in effect so long as this Agreement is in force and effect and Franchisee is not in material default under any of the material terms hereof (after expiration of all applicable cure periods). This includes securing a lease within ninety (90) days of executing this Agreement for a location which is acceptable to Franchisor, as set forth more fully in Section 7.1. Franchisor has the right, in its sole discretion, to operate, or to grant to others franchises to operate, at locations outside of the Designated Area as Franchisor, in its sole and exclusive discretion, deems appropriate.

1.6 **Other Channels of Distribution.** Franchisee acknowledges and agrees that certain of Franchisor’s or its affiliates’ products or services, whether now existing or developed in the future, may be distributed in Franchisee’s Designated Area by Franchisor, its affiliates, or Franchisor’s franchisees, licensees, designees, in such manner and through such channels of distribution as Franchisor, in its sole discretion, shall determine. These alternate channels of distribution include, but are not limited to, the sale of Menu Items, Trade Secret Food Products and the Trademarked Product Line under the Marks via the Internet, mail order catalog, through wholesale and resale stores, and direct marketing via television and

radio. Franchisee understands that this Agreement grants Franchisee no rights to: (i) distribute such products or services described in this Section 1.6; or (ii) share in any of the proceeds received by any such party therefrom.

2. TERM AND RENEWAL

2.1 **Term.** The initial term of the franchise is for a period of fifteen (15) years which will begin on the date that Franchisor signs this Agreement.

2.2 **Renewal.** Franchisee shall have the right to renew this Agreement for up to two (2) successive, additional ten (10) year periods. The Franchisee has the right to further renewals of the franchise at terms to be negotiable. Prior to the expiration of the successor term, Franchisee and Franchisor will enter into good faith negotiations on fair and reasonable terms of the renewal, providing all of the conditions hereinafter set forth have been fulfilled prior to the commencement of each successive term:

2.2.1 Franchisee has notified Franchisor of Franchisee's intent to renew in writing at least twelve (12), but not more than eighteen (18), months prior to the expiration of the current term;

2.2.2 Franchisee has demonstrated to Franchisor's satisfaction the Franchisee has the right to operate the Franchised Restaurant at the Approved Location for the duration of the renewal term; or, if Franchisee is unable to operate the Franchised Restaurant at the Approved Location, Franchisee has secured an approved substitute location and has furnished, stocked and equipped such premises to bring the Franchised Restaurant at its premises into full compliance with the then current specifications and standards before the expiration date of this Agreement;

2.2.3 Franchisee has completed to Franchisor's satisfaction, no later than ninety (90) days prior to the expiration of the then-current term, all maintenance, refurbishing, renovating, updating and remodeling of the Franchised Restaurant premises, and any maintenance or upgrading of required hardware or software, necessary to bring the Franchise Restaurant and all equipment into full compliance with Franchisor's then-current System standards and specifications;

2.2.4 Franchisee is not in breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates or approved/designated suppliers and vendors, and Franchisee has substantially complied with all such agreements during their respective terms;

2.2.5 Franchisee has satisfied all monetary obligations Franchisee owes Franchisor, Franchisor's affiliates or approved/designated suppliers and vendors, and has met these obligations in a substantially timely manner as required as reasonably determined by Franchisor throughout the term of this Agreement;

2.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, a different percentage Continuing Services and Royalty Fee and/or advertising contribution, a different remodeling budget.

2.2.7 Franchisee satisfies Franchisor's then-current training requirements for renewing franchisees (if any) at Franchisee's expense, as of the date of such renewal;

2.2.8 Franchisor has not notified Franchisee in writing that Franchisor objects to the renewal and returns the renewal fee to Franchisee;

2.2.9 Franchisee signs a general release, in the form Franchisor prescribes in favor of Franchisor and its affiliates and their respective officers, directors, agents, and employees, for all claims arising out of or related to this Agreement or any related agreements with Franchisor or its affiliates. The release shall not be inconsistent with any applicable state statute regulating franchises; and

2.2.10 Franchisee pays Franchisor a renewal fee equal Five Thousand Dollars (\$5,000) (the "Renewal Fee"). The "Renewal Fee" must be paid when Franchisee gives written notice to Franchisor of its intent to renew, and is payable in cash, cashier's check or certified check. The Renewal Fee will not exceed the then-current initial franchise fee.

If any of the above requirements have not been satisfied, the franchise will not be renewed and will expire at the end of the then-current term. The parties agree that Franchisor's refusal to renew any if any of the above requirements has not been satisfied constitutes "good cause" for non-renewal of this Agreement.

2.3 **Renewal Procedure.** Within ninety (90) days after its receipt of such timely notice and payment of the Renewal Fee, Franchisor shall furnish Franchisee with written notice of: (i) reasons which could cause Franchisor not to grant a renewal to Franchisee including but not limited to any deficiencies which require correction and a schedule for correction thereof by Franchisee; and (ii) Franchisor's then-current requirements relating to the image, appearance, decoration, furnishing, equipping and stocking of EXTREME PIZZA restaurants, and a schedule for effecting upgrading or modifications in order to bring the Franchised Restaurant in compliance therewith, as a condition of renewal. Renewal of the franchise shall be conditioned upon Franchisee's compliance with such requirements and continued compliance with all the terms and conditions of this Agreement up to the date of expiration of the initial term. In the event Franchisee fails to exercise a renewal option within the time prescribed in this Section, time being of the essence, and in the manner hereinabove provided, such renewal option and all subsequent renewal options shall be forever waived.

3. **FEES**

3.1 **Initial Franchise Fee.** In consideration of the franchise granted herein for one (1) EXTREME PIZZA franchise, Franchisee shall pay to Franchisor upon execution of this Agreement an initial franchise fee determined in the amount of Forty Thousand Dollars (\$40,000). The initial franchise fee shall be deemed fully earned and non-refundable upon execution of this Agreement as consideration for expenses incurred by Franchisor in furnishing assistance and services to Franchisee and for Franchisor's lost or deferred opportunity to franchise others, except as may be otherwise specifically provided in this Agreement. Notwithstanding the foregoing, if the Franchisor and Franchisee have executed an Area Development Agreement, the initial franchise fee payable hereunder shall be as specified in such Area Development Agreement.

3.2 **Continuing Services and Royalty Fee.** Franchisee shall pay without demand, offset, credit or deduction of any nature, to Franchisor, so long as this Agreement shall be in effect, a weekly Continuing Services and Royalty Fee equal to the greater of five percent (5%) of the Gross Sales (defined below) derived from the Franchised Restaurant or the minimum Continuing Services and Royalty Fee described below.

3.2.1 **Minimum Continuing Services and Royalty Fee.** Notwithstanding the amount of Gross Sales, however, the Franchisee shall be required from and after the week after commencing business to pay a minimum weekly Continuing Services and Royalty Fee of Three Hundred Fifty Dollars

(\$350). Said Continuing Services and Royalty Fee shall be paid weekly in the manner specified below or as otherwise prescribed in the Confidential Operations Manual.

3.2.2 **Definition of Gross Sales.** The term "Gross Sales", as used herein, shall mean and include the total of all sales of food products, beverages (including beer, wine and spirits), Trademarked Product Lines and other merchandise and products to customers of Franchisee, whether or not sold or performed at or from the Franchised Restaurant, not including refunds or returns, sales tax, use tax, excise tax or service taxes collected and paid to the appropriate taxing authority.

3.2.3 If a state or local law in which the Franchised Restaurant is located prohibits or restricts in any way your ability to pay and our ability to collect the Continuing Services and Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Franchised Restaurant then we and you shall increase the percentage rate for calculating Continuing Services and Royalty Fees, and change the definition of Gross Sales to exclude sales of alcoholic beverages, in a manner such that the Continuing Services and Royalty Fees to be paid by you, and received by us, shall be equal to such amounts as you would have been required to pay, and we would have received, if sales from alcoholic beverages were included in Gross Sales.

3.3 **Adjustment of Continuing Services and Royalty Fee at Renewal.** The parties agree that the Franchisor shall be entitled to adjust the minimum Continuing Services and Royalty Fee upon any renewal of this Franchise Agreement (the "Adjustment Date") to the then current Continuing Services and Royalty Fee or to reflect changes in the Consumer Price Index, whichever is greater. The term Consumer Price Index, as used herein, shall mean the Consumer Price Index - All Items - Urban Consumers (CPI-U) (1982-1984 = 100), or its successor, as published by the U.S. Government. If the latest Consumer Price Index published prior to the Adjustment Date (the "Adjustment Date Level") is at a level higher than the level at which such Consumer Price Index was at as published immediately prior to the date hereof (the "Effective Date Level"), then the minimum Continuing Services and Royalty Fee amount shall be amended and adjusted as of the Adjustment Date by multiplying said amount by a factor that is determined by dividing the Adjustment Date Level by the Effective Date Level. If the Consumer Price Index is discontinued, the Franchisor will substitute a comparable index reflecting changes in the cost of living or the purchasing power of money, published or recognized as being reliable by the U.S. Government.

3.4 **Gross Sales Reporting.** Franchisor must receive from Franchisee on or before the Monday of each week, a signed statement of Franchisee's Gross Sales generated during the immediately preceding week (the "Gross Sales Report"). The Gross Sales Reports must set forth Franchisee's Gross Sales generated during the previous week, Franchisee's calculation of the Continuing Services and Royalty payment and any other information Franchisor may require. Franchisor may change the form and content of the Gross Sales Reports from time to time.

3.5 **Manner of Payment.** Payment of the Continuing Services and Royalty Fee and other continuing fees owed to Franchisor shall be made on a weekly basis (or at Franchisor's discretion so long as not more frequently than once per week) immediately following receipt of the Gross Sales Reports, but not later than Tuesday of each week, and shall be made by an electronic funds transfer program (the "EFT Program") under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor, from Franchisor's bank account. Franchisee shall deposit all revenues from operation of Franchisee's Franchised Restaurant into one bank account within two (2) days of receipt, including cash, checks, and credit card receipts. Before opening Franchisee's Franchised Restaurant, Franchisee shall provide Franchisor with Franchisee's bank name, address and account number, a voided check from such bank account, and sign and give to Franchisor and

Franchisee's bank, all documents, including Attachment 6 to this Agreement, necessary to effectuate the EFT Program and Franchisor's ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including changes in account numbers. Franchisor reserves the right to require Franchisee to pay any fees due under this agreement by such other means as Franchisor may specify from time to time. If the Gross Sales Report has not been received within the time period required by this Agreement, then Franchisor may process an EFT for the subject week for an amount equal to one hundred twenty percent (120%) of the Continuing Services and Royalty Fee and other continuing fees owed to Franchisor due under the last Gross Sales Report provided by Franchisee to Franchisor, provided, that if a Gross Sales Report for the subject week is subsequently received and reflects (i) that the actual amount of the fee due was more than the amount of the EFT, then Franchisor shall be entitled to withdraw additional funds through EFT from Franchisee's designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the EFT, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations.

3.6 Interest on Overdue Amounts; Insufficient Funds. As part of Franchisee's participation in the EFT Program, if the funds in Franchisee's bank account are insufficient to cover any amounts due under the Agreement on the date such funds are due, in addition to the overdue amount, Franchisor has the right to immediately debit from Franchisee's bank account interest on such amount from the date it was due until all past due amount are paid, at a rate of lesser of eighteen percent (18%) per annum or the maximum rate permitted by law. Should any EFT not be honored by Franchisee's bank for any reason, Franchisee agrees that Franchisee shall be responsible for that payment and any service charge.

3.7 Failure to Pay Fees in a Timely Manner. If any payments are not received when due, Franchisee will be charged interest at a rate of the lesser of eighteen percent (18%) per annum or the highest lawful interest rate which may be charged for commercial transaction in the state in which Franchisee's Franchised Restaurant is located. Nothing in this Section shall prevent Franchisor from exercising, in Franchisor's sole judgment, any other rights or remedies available to Franchisor under this Agreement.

3.8 Taxes on Payments. If any withholding, sales, excise, use, privilege or other tax (excepting Franchisor's income tax obligation) ("Tax Charge") is imposed or levied by any government or governmental agency on Franchisor or Franchisee for any fee due and payable under this Agreement, including but not limited to, the Royalty Fee, Internal Systems Fee, and/or Brand Fund Contribution (for the purpose of this Section 3.8, such fees shall be referred to as a "Taxable Payment"), then Franchisee shall pay Franchisor a sum equal to the amount of the Tax Charge, together with the Taxable Payment, such that the net sum received by Franchisor equals the amount of the Taxable Payment without deduction, withholding, payment or application of the Tax Charge.

3.9 Franchisor' Right to Apply Payments. Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Continuing Services and Royalty Fees, advertising contributions, purchases from Franchisor and its affiliates, interest or any other indebtedness.

4. PROPRIETARY MARKS

4.1 Franchisee's Use of the Marks and Other Proprietary Material.

4.1.1 Franchisee shall use only the Marks which Franchisor designates, and shall use them only in the manner Franchisor authorizes and permits. Franchisee is required to display the Marks using only the correct fonts, logo formats and type-settings as set forth in the Confidential Operations

Manual. Any failure to comply with these use restrictions shall be considered a misuse of the Marks and a default under this Agreement.

4.1.2 Franchisee shall use the Marks only for the operation of the Franchised Restaurant and only at the Approved Location and in advertising for the Franchised Restaurant.

4.1.3 Franchisee shall use all Marks without prefix or suffix and in conjunction with the symbols “TM,” “SM,” “S,” or “®,” as applicable. Franchisee may not use the Marks in connection with the offer or sale of any services or products which Franchisor has not authorized for use in connection with the System. Franchisee may not use the Marks as part of Franchisee’s corporate or other legal name. Franchisee’s corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee must use Franchisee’s corporate or limited liability company name either alone or followed by the initials “D/B/A” and the business name “Extreme Pizza.” Franchisee must promptly register at the office of the county in which Franchisee’s Franchised Restaurant is located, or such other public office as provided for by the laws of the state in which Franchisee’s State is located, as doing business under such assumed business name.

4.1.4 Franchisee must identify itself as the independent owner of the Franchised Restaurant (in the manner Franchisor prescribes) in conjunction with any use of the Marks including, without limitation, on invoices, order forms, receipts, customer forms and questionnaires, business stationery, business cards and advertisements, as well as at such conspicuous locations as Franchisor may designate in writing at the Franchised Restaurant premises. Franchisee must conspicuously display a sign that states that **"THIS FRANCHISED RESTAURANT IS INDEPENDENTLY OWNED AND OPERATED BY [FRANCHISEE’S NAME]"** at the Franchised Restaurants.

4.1.5 Franchisee’s right to use the Marks is limited to such uses as are authorized under this Agreement and/or the Confidential Operations Manual, and any unauthorized use thereof shall constitute an infringement of Franchisor’s rights.

4.1.6 Franchisee shall not use the Marks to incur any obligation or indebtedness on Franchisor’s behalf.

4.1.7 Franchisee shall execute all documents Franchisor deems necessary to obtain protection for the Marks or to maintain their continued validity and enforceability.

4.1.8 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Marks and any proprietary software Franchisor may now or hereafter designate for use in connection with the System, any challenge to the validity of the Marks, or any challenge to Franchisor’s ownership of, Franchisor’s right to use and to license others to use, or Franchisee’s right to use, the Marks, any proprietary software, or proprietary merchandise, and the Confidential Operations Manual (collectively the “Proprietary Material”).

4.1.9 Franchisee expressly understands and acknowledges that:

4.1.9.1 Franchisor owns all right, title, and interest in and to the Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Marks;

4.1.9.2 The Marks are valid and serve to identify the System and those who are authorized to operate under the System;

4.1.9.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Marks or any other Proprietary Material;

4.1.9.4 Franchisee's use of the Proprietary Material does not give Franchisee any ownership interest or other interest in or to the Proprietary Material;

4.1.9.5 Any and all goodwill arising from Franchisee's use of the Proprietary Material shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System, the Marks, or any other Proprietary Material;

4.1.9.6 Except as specified in Section 1.4 hereof, the license of the Marks granted to Franchisee hereunder is nonexclusive and Franchisor retains the right, among others, (i) to use the Marks itself in connection with selling products and services; (ii) to grant other licenses for the Marks; and (iii) to develop and establish other systems using the Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

4.1.9.7 Franchisor reserves the right, in Franchisor's sole discretion, to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. Franchisee shall discontinue using all Marks which Franchisor has notified Franchisee, in writing, have been modified or discontinued within thirty (30) days of receiving written notice and, at Franchisee's sole cost and expense, shall promptly begin using such additional, modified or substituted Marks.

4.2 Litigation Relating to the Marks. In addition to Franchisee's responsibilities under Section 4.1.8, Franchisee shall also notify Franchisor of any action, claim or demand against Franchisee relating to the Marks within ten (10) days after Franchisee receives notice of said action, claim or demand. Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Franchisor's rights to the Marks. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Marks. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has used the Marks in accordance with this Agreement, Franchisor shall bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has not used the Marks in accordance with this Agreement, Franchisee shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Marks, Franchisee shall execute any and all documents and do such acts as may, in Franchisor's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

5. CONFIDENTIAL INFORMATION

5.1 Nondisclosure. During the term of this Agreement, Franchisee will receive information which Franchisor considers a trade secret and confidential information. Any and all information, knowledge and know-how, including, without limitation, the Confidential Operations Manual, drawings, materials, equipment, techniques, restaurant systems, product formulae, trade secret information, ideas, concepts, methods, recipes, ingredients, Approved Supplier and Approved Supplies Lists, the composition of Trade Secret Food Products and Menu Items, and any information regarding the Trademarked Product Line(s)

prior to its respective release shall be deemed confidential for purposes of this Agreement (“Confidential Information”). Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company an Confidential information, including, but not limited to, any portion of know-how, knowledge, methods specification, processes, standards, designs, marketing materials, procedures and/or electronic code, curriculum, access codes, identification codes, and similar information that allows access to restricted content; improvement regarding the business that is valuable and secret in the sense that it is generally not known to competitors of Franchisor (“Trade Secrets”). Franchisee may divulge such Confidential Information, including Trade Secrets, only to such employees as must have access, and only to the extent necessary in order to operate the Franchised Restaurant. All references to Confidential Operations Manual include the entire series of manuals and any updates Franchisor may designate as part of the Confidential Operations Manual, including, but not limited to, restaurant design criteria, restaurant operations, forms index, approved vendors and new product lines.

5.2 Employees. At Franchisor’s request, Franchisee must require Franchisee’s officers, directors, key Managers, any other managers, and any personnel having access to any of Franchisor’s Confidential Information or Trade Secrets to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Franchised Restaurant premises. Such covenants shall be in a form satisfactory to Franchisor including, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with independent rights to enforce them.

5.3 New Concepts. If Franchisee, its employees or principals develop any new concept, process or improvement in the operation or promotion of the Franchised Restaurant, including improvements to the Menu Items or Trade Secret Food Products, restaurant design criteria, or any software used in connection with the Franchised Restaurant, Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor’s sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and its principals hereby assign to Franchisor any rights Franchisee may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and its principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Franchisee and its principals hereby irrevocably designate and appoint Franchisor as Franchisee’s agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 5.3 are found to be invalid or otherwise unenforceable, Franchisee and its principals hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee’s rights therein.

6. FRANCHISOR’S OBLIGATIONS

6.1 Confidential Operations Manual. Franchisor will loan Franchisee one (1) copy of Franchisor’s Confidential Operations Manual and any other manual Franchisor may now or hereafter designate for use in operating the Franchised Restaurant (collectively the “Confidential Operations Manual”), which may be provided in electronic format such as a CD-ROM or access to a password protected intranet. Franchisee shall operate the Franchised Restaurant in strict compliance with the Confidential Operations Manual, as it may be reasonably changed from time to time. The Confidential Operations

Manual shall remain confidential and Franchisor's exclusive property. Franchisee shall not disclose, duplicate or make any unauthorized use of any portion of the Confidential Operations Manual. The provisions of the Confidential Operations Manual constitute provisions of this Agreement as if fully set forth herein. Franchisee shall ensure that its copy of the Confidential Operations Manual is current and up to date, and keep a copy of the Confidential Operations Manual on the Franchised Restaurant's premises. If there is a dispute relating to the contents of the Confidential Operations Manual, the master copy, which Franchisor maintains at its corporate headquarters, will control. The Confidential Operations Manual will be delivered within two (2) weeks after Franchisee commences with construction of the business.

6.2 Project Management. Franchisee will be required to retain the services of a Franchisor approved construction project manager ("Project Manager") or architect at its own expense. The approved Project Manager will oversee the planning and construction for the Franchised Restaurant. Franchisee's approved Project Manager will conduct municipal and governmental analysis, design layout and project and budget feasibility analysis. The Project Manager will work with Franchisee to coordinate and manage the design process, build out, vendors and governmental agencies to ensure that the Franchised Restaurant is designed and constructed in the manner designated by Franchisor.

6.3 Equipment Selection. Franchisor will provide Franchisee and Project Manager with architectural and equipment specifications pursuant to this Agreement, and shall deliver these specifications within ten (10) days after verification of the Approved Location.

6.4 Start-up and Ongoing Inventory and Supplies. Franchisor will provide specifications for and designate sources of supply ("Approved Suppliers List and Approved Supplies Lists") from which Franchisee agrees to purchase required inventory, goods and supplies necessary for the start-up and ongoing operations of Franchisee's Franchised Restaurant as set forth more fully in Section 7.4. The Approved Suppliers List and Approved Supplies Lists will be delivered to Franchisee at least sixty (60) days prior to commencement of operations of the Franchised Restaurant.

6.5 Ongoing Assistance. Franchisor will provide Franchisee continuing consultation and advice as Franchisor, in its sole discretion, deems necessary and appropriate regarding the management and operation of the Franchised Restaurant. Such guidance will be based on the experience of Franchisor and its franchisees in operating Franchised Restaurants and an analysis of the costs of such products and prices charged for competitive products. Franchisee shall not be obligated to accept any such advice or guidance and shall have the sole right to determine the prices to be charged from time to time by the Franchised Restaurant and no such advice or guidance shall be deemed or construed to impose upon Franchisee any obligation to charge any fixed, minimum or maximum prices for any product offered for sale by the Franchised Restaurant. Franchisor may, in its sole discretion, provide to Franchisee the following: (i) Updates to the Approved Supplier Lists and Approved Supplies Lists; (ii) coordination plans of product distribution for local, regional and national suppliers; (iii) negotiation of group discounts on equipment, products and supplies; (iv) recommended pricing tiers and guidelines for the goods and services provided by the Franchised Restaurant; and (iv) regulation of quality standards and products throughout the network of Franchised Restaurants.

6.6 Operations Assistance. Franchisor may furnish Franchisee with operations assistance reasonably determined to be necessary by Franchisor in its sole discretion. Operations assistance may consist of advice and guidance with respect to: (i) proper utilization of procedures by the Franchised Restaurant regarding the service and sale of all Menu Items and other food and beverage items, and related items and materials as approved by Franchisor; (ii) Additional products and services authorized for sale from EXTREME PIZZA restaurants; (iii) purchase of ingredients and other food and beverage items, materials and supplies; (iv) business and restaurant operational procedures and techniques; (v) on-going

research and development of new Menu Items; (vi) the institution of proper administrative, bookkeeping, accounting, inventory control, supervisory and general operating procedures for the effective operation of the Franchised Restaurant; and (vii) advertising and promotional programs.

6.7 **On-site Visitation.** Franchisor may make periodic visits as it deems necessary to evaluate the premises and operations of Franchisee's Franchised Restaurant as described in Section 7.7.

6.8 **Annual Conference.** Franchisor may, in Franchisor's discretion, hold an Annual Conference at a location to be selected by Franchisor. Franchisor shall determine the topics and agenda for such conference to serve the purpose among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor's personnel regarding Franchised Restaurant operations and programs, and recognizing franchisees for their achievements. Franchisor may require Franchisee to attend the Annual Conference and to pay Franchisor's then-current registration fee. All expenses, including Franchisee's and its employees' transportation to and from the Annual Conference, and lodging, meals, and salaries during the Annual Conference, are Franchisee's sole responsibility. Franchisor may use expenditures from the Fund for purposes related to the Annual Conference, including costs related to productions, programs, and materials.

6.10 **Refresher/On-going Training.** Franchisor may, in its sole discretion, hold refresher and ongoing training courses, or training courses upon a significant change to the System. Franchisor may require Franchisee and its employees to attend such training at its then-current fee for providing such training. All expenses, including Franchisee and its employees' transportation, meal, and lodging expenses to attend such training, shall be Franchisee's sole responsibility.

7. FRANCHISEE'S OBLIGATIONS

7.1 **Site Location and Lease Approval.** Franchisee must secure real estate, by purchase or lease, for the operation of the Franchised Restaurant at the Approved Location. If the Franchisor has not agreed to an Approved Location as of the date of this Agreement, the parties shall enter into a Site Selection Addendum attached as Attachment 1 to this Agreement, the terms of which shall govern the parties' site selection obligations.

7.1.1 **Site Evaluation and Approval.** Prior to the acquisition by lease or purchase of any site for the premises of the Franchised Restaurant, Franchisee shall submit a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the proposed site. In addition, Franchisee shall submit a detailed description of the proposed site to Franchisor, including a demographic analysis, as outlined in the Confidential Operations Manual. Within fifteen (15) days after Franchisor has consented to the site for the Franchised Business, Franchisee shall submit to Franchisor a copy of the proposed lease therefor, together with a lease review fee of Five Hundred Dollars (\$500.00), for Franchisor's review thereof prior to its execution. Any lease must include Franchisor's Collateral Assignment of Lease Agreement, a copy of which is attached hereto as Attachment 3 and other brand protection provisions as may be required by Franchisor. Franchisor's lease review and consent is limited to provisions for the benefit of the System and Franchisor only. Franchisor does not review and/or negotiate the proposed lease on Franchisee's behalf or for Franchisee's benefit. Within fifteen (15) days after Franchisor's lease review and consent (or such longer period as Franchisor consents to in writing), Franchisee shall execute the lease and obtain physical possession of the premises. Failure by Franchisee to acquire the site for the Franchised Business within the time and in the manner required herein shall constitute a material event of default under this Agreement.

7.1.2 **Lease Approval When Dealing with Third Party Lessor.** Upon receipt of Franchisor's written approval of the location of the Franchised Restaurant, Franchisee shall, subject to the

prior approval of terms by Franchisor, execute a lease or a binding agreement to purchase the site within one hundred-fifty (150) days of executing this Agreement. Franchisor may extend this time period in writing upon written request from Franchisee. In any event, Franchisor has the right to review, evaluate and approve Franchisee's proposed lease for the Approved Location ("Lease") prior to execution. Within thirty (30) days of receipt of the Lease, Franchisor shall provide Franchisee with a written explanation of why (if such be the case) the lease proposed by Franchisee does not comply with Franchisor's requirement for approval. Franchisor's approval of the Lease shall be conditioned upon inclusion in the lease of terms acceptable to Franchisor, and at Franchisor's option, the lease shall contain the following provisions, including, but not limited to, a provision that:

7.1.2.1 Reserves Franchisor's right, at Franchisor's election, to receive an assignment of the leasehold interest upon termination, transfer or expiration of the franchise grant;

7.1.2.2 Expressly requires the landlord to provide Franchisor all sales and other information landlord may have related to the operation of the Franchised Restaurant, as Franchisor may request;

7.1.2.3 Requires the landlord concurrently to provide Franchisor with a written notice of a default or deficiency under the lease when such default is sent to Franchisee and which grants to Franchisor, in its sole discretion, the right (but not obligation) to cure any default or deficiency under the lease within fifteen (15) business days after the expiration of the period in which Franchisee had to cure any such default should Franchisee fail to do so;

7.1.2.4 Evidences the right of Franchisee to display the Marks in accordance with the specifications required by the Confidential Operations Manual, subject only to the provisions of applicable law;

7.1.2.5 The premises be used solely for the operation of a Franchised Restaurant;

7.1.2.6 Prohibits modification, supplementation, cancellation, termination or amending of the Lease without Franchisor's reasonable prior express written approval.

7.1.3 **Collateral Assignment of the Lease.** Franchisor may further condition approval of the Lease, as set forth in Section 7.1.3, upon Franchisee and its landlord executing a Collateral Assignment of Lease (attached as Attachment 3 to this Agreement) which (i) grants Franchisor the right, but not the obligation, to assume the Lease upon (a) Franchisee's default on the Lease, or (b) termination, transfer or expiration of this Agreement; and (ii) authorizes and requires Franchisee's landlord to disclose to Franchisor, upon Franchisor's request, sales and other information Franchisee has furnished to the landlord.

7.1.4 **Relocation.** If, for any reason, the Lease term is shorter than the term of this Agreement and the Lease cannot be renewed or extended, or Franchisee cannot continue for any other reason to occupy the Approved Location, Franchisee must relocate the Franchised Restaurant to a mutually acceptable site within Franchisee's Designated Area to complete the unexpired portion of the term of this Agreement. Franchisee must notify Franchisor of Franchisee's intention to relocate and procure a site acceptable to Franchisor within ninety (90) days prior to closing operations at Franchisee's current Approved Location. Franchisee must obtain a lease acceptable to Franchisor for Franchisee's Approved Location, build out the EXTREME PIZZA restaurant at the new Approved Location to Franchisor's standards and specifications (as provided in this Section 7), and open for business at the new Approved Location within thirty (30) days of closing business at Franchisee's existing Approved Location.

Franchisee shall be solely responsible for any expenses related to the relocation and build-out of the new EXTREME PIZZA restaurant, including expenses incurred by Franchisor in approving the new Approved Location, such as any travel, meal, lodging, and payroll expenses associated with approving a new location.

7.1.5 Remodeling. Subject to the limitation provided below, Franchisee shall be required, at its own expense, to periodically make reasonable capital expenditures to remodel, modernize and redecorate the premises of the Franchised Restaurant so that the Franchised Restaurant will reflect the then current image intended to be portrayed by Franchisor. All remodeling, modernization, or redecoration of the premises of the Franchised Restaurant must be done in accordance with the standards and specifications as prescribed by Franchisor from time to time and with the prior written approval of Franchisor subject to all applicable laws, regulations and ordinances. All replacements must conform to Franchisor's then-current quality standards and specifications and must be approved by Franchisor in writing. Franchisee may be required to expend up to Seventy-Five Thousand Dollars (\$75,000) for remodeling prior to expiration of this Agreement. A record of such expenditures, if any, must be presented to Franchisor annually. Costs relating primarily to the maintenance of the Approved Location and modifying or replacing existing equipment may not be credited to remodeling, modernization or redecoration expenditures under the Section.

7.2 Training. Franchisee (or its principal, as applicable) and others as designated by Franchisor in this Agreement, must attend and successfully complete Franchisor's initial training program as set forth in Section 8.

7.3 Opening Requirements. Franchisee must commence operation of the Franchised Restaurant in accordance with Franchisor's requirements not later than twelve (12) months after the execution of this Agreement or as otherwise required or approved in writing by Franchisor subject to any force majeure events. Prior to such opening, Franchisee shall have received all necessary permits and approvals as provided herein, successfully completed all required training, procured all necessary licenses, permits, and approvals, including, but not limited to, construction permits, hired and trained personnel, made all leasehold improvements and acquired initial inventory per Franchisor's requirements.

7.4 Purchasing Requirements. From time to time, Franchisor shall provide to Franchisee a list of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved inventory products, fixtures, furniture, equipment, signs, stationery, supplies, and other items or services necessary to operate the Franchised Restaurant ("Approved Supplies List"). Such list shall specify the manufacturer, supplier and distributor and the inventory products, fixtures, furniture, equipment, signs, stationery, supplies and services which Franchisor has approved to be carried or used in the System. Franchisor may revise the Approved Suppliers List and Approved Supplies List from time to time in its sole discretion and such lists shall be submitted to Franchisee as Franchisor deems advisable. If Franchisee proposes to offer for sale at the Franchised Restaurant any brand of product, or to use in the operation of Franchised Restaurant any brand of food ingredient or other material or supply which is not then approved by Franchisor as meeting its minimum specifications and quality standards, or to purchase any product from a supplier that is not then designated by Franchisor as an approved supplier, Franchisee shall first notify Franchisor and shall upon request by Franchisor submit samples and such other information as Franchisor requires for examination and/or testing or to otherwise determine whether such product, material or supply, or such proposed supplier meets its specifications and quality standards. Franchisor, at its option, may charge Franchisee a fee in connection with such examination and/or testing which will not exceed the reasonable cost of the inspection and evaluation and the actual cost of the test. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any supplier of an approved item and to revoke its approval of any item which fails to continue to meet any of Franchisor's criteria. Franchisee acknowledges

and understands that nothing herein shall require Franchisor to approve any proposed product, material or supplier if Franchisor determines it is not in the best interests of the System.

In the event that Franchisee fails to comply with the Approved Suppliers or Approved Supplies List as stated herein and does not receive written approval from Franchisor for an alternate supplier or supplies, Franchisee may be required to pay to Franchisor a Three Hundred Fifty Dollar (\$350) penalty for each violation. This penalty is an additional remedy for Franchisor in addition to requiring that Franchisee comply with any requirements to become compliant with Franchisor's Approved Suppliers or Suppliers.

7.4.1 Trademarked Product Lines. Franchisee acknowledges that it will be required to purchase EXTREME PIZZA Trademarked Product Lines from Franchisor or a limited number of suppliers so authorized by Franchisor. Franchisor or its designees agree to sell to Franchisee such quantities of EXTREME PIZZA Trademarked Product Lines as Franchisee requires from time to time in the operation of the Franchised Restaurant.

7.4.2 Trade Secret Food Items. Franchisee acknowledges that it may be required to purchase Trade Secret Food Products from Franchisor or a limited number of suppliers so authorized by Franchisor and will be required to use Trade Secret Food Products as designated by Franchisor.

7.4.3 Other Inventory. All inventory, products and materials, and other items and supplies used in the operation of the Franchised Restaurant which are not specifically required to be purchases in accordance with Franchisor's Approved Suppliers List and Approved Suppliers List shall conform to the specification and quality standards established by Franchisor from time to time.

7.5 **Authorized Products and Services.** In order to ensure that all Menu Items produced by Franchisee meet Franchisor's high standards of taste, texture, appearance and freshness, and in order to protect Franchisor's goodwill and Marks, all Menu Items and other food products shall be prepared only by properly trained personnel strictly in accordance with Franchisor's recipes, cooking techniques and processes, and the Confidential Operations Manual, and shall be sold only at retail to customers in conformity with Franchisor's marketing plan and concept. Franchisee acknowledges that such recipes, cooking techniques and processes are integral to the System and failure to strictly adhere to such recipes, cooking techniques and processes (including the handling and storage of both ingredients and fully prepared Menu Items) shall be detrimental to the System and Marks and shall constitute a default of this Agreement. Franchisee shall use only those displays, trays, boxes, bags, wrapping paper, labels, forms and other paper and plastic products imprinted with the Marks and colors as prescribed from time to time by Franchisor. Failure to use said displays, trays, boxes, bags, wrapping paper, labels, forms and other paper and plastic products may subject Franchisee to a penalty in the amount of Three Hundred Fifty Dollars (\$350) per violation.

7.6 **Operations.**

7.6.1 Franchisee must operate the Franchised Restaurant for at least those months, hours and days that Franchisor specifies in the Confidential Operations Manual, subject to applicable law and/or the terms of the Lease.

7.6.2 Franchisee must maintain the Franchised Restaurant premises in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local health laws or regulations, and the Confidential Operations Manual. Franchisee and its employees

must give prompt, courteous and efficient service to the public and otherwise operate the Franchised Restaurant so as to preserve, maintain and enhance the reputation and goodwill of the System.

7.6.3 Franchisee must employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Franchised Restaurant in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. All employees, engaged in the operation of Franchisee's Franchised Restaurant during working hours shall dress conforming to Franchisor's standards (including uniforms, if Franchisor so requires), and shall present a neat and clean appearance in conformance with Franchisor's reasonable standards and shall render competent, efficient service to the customers of the Franchised Restaurant. Franchisee shall further require and ensure that all employees and managers wear the appropriate uniforms and safety gear as designated by Franchisor, or otherwise set forth in the Confidential Operations Manual. Franchisee understands and agrees that none of its employees shall be considered, in any manner whatsoever, Franchisor's employees, and that Franchisee shall be solely responsible for all terms of employment of its employees, including payment of wages and applicable taxes and benefits.

7.6.4 Franchisee agrees to conduct the Franchised Restaurant in accordance with the Confidential Operations Manual. Franchisee shall immediately train and instruct Franchisee's employees in accordance with the Confidential Operations Manual, and shall continue such training and instruction as long as each employee is employed. Franchisee and all employees shall also complete any locally required food safety courses.

7.6.5 Franchisee (or at least one of its principals if Franchisee is a corporation or partnership) must personally supervise the day-to-day operations of the Franchised Restaurant. Franchisee (or at least one of its principals if Franchisee is a corporation or partnership) must devote personal full-time attention and best efforts to the management and operation of the Franchised Restaurant. Franchisee is required to maintain at the Franchised Restaurant throughout the term of this Agreement a full-time manager who has successfully completed Franchisor's training program (unless otherwise waived in writing). If any such manager fails to manage the Franchised Restaurant on a full-time basis in accordance with the terms of this Agreement (including the Confidential Operations Manual), Franchisee shall promptly replace such manager with a successor full-time manager who has satisfactorily completed Franchisor's training program. Franchisee shall keep Franchisor informed at all times, regarding the identity of its manager(s). Franchisee shall not be permitted to disregard its obligations under this Agreement concerning operations of the Franchised Restaurant pending any temporary period during which Franchisee is seeking to obtain and train any replacement manager. Franchisee shall, at all times, faithfully, honestly and diligently perform its obligations hereunder and shall not engage in any business or other activities that will conflict with its obligations hereunder.

7.6.6 Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations and responsibilities hereunder and to operate the business in a businesslike, proper and efficient manner.

7.6.7 Franchisee acknowledges that the Franchised Restaurant shall at all times maintain an inventory of ingredients, food and beverage products and other products, materials and supplies that will permit operation of the Franchised Restaurant at projected capacity.

7.6.8 Franchisee may offer beer, spirits and wine for sale at the Franchised Restaurant with appropriate governmental approval. Franchisee shall be solely responsible for obtaining all required

permits or licenses to sell beer, spirits and wine and, further, shall obtain the proper insurance coverages and participate in any additional training required by Franchisor at Franchisee's expense.

7.6.9 Franchisee shall at all times have arrangements in existence with Visa, Master Card and such other credit and debit card issuers or sponsors, check verification services and electronic fund transfer systems as Franchisor designates from time to time in order that the Franchised Restaurant may accept customers' credit and debit cards, checks and other methods of payment.

7.6.10 At such time as Franchisor introduces an assortment of private-labeled apparel, beverages and related products and merchandise bearing the EXTREME PIZZA trademark and logo, Franchisee shall carry an adequate supply and maintain a representative inventory, as may be defined by Franchisor, of such EXTREME PIZZA Trademarked Product Lines as required by the Confidential Operations Manual. Franchisee shall maintain, carry and promote such Trademarked Product Lines for sale to the general public, in sufficient quantities and varieties to meet customer demand.

7.7 **Regional Advisory Franchisee Council.** Franchisee shall participate actively in a Regional Advisory Franchisee Council ("Council"), if established, and participate in all Council programs, for Franchisee's particular Council that are approved by Franchisor. Franchisor, at its option, may form such Council(s) at any time that more than one (1) franchisee operates a Franchised Restaurant in any given region, the boundaries of such region to be determined in the sole discretion of Franchisor. The purposes of the Council(s) include, but are not limited to, exchanging ideas and problem solving methods, advising Franchisor on expenditures for regional advertising and coordinating franchisee efforts. Franchisee shall pay all assessments levied by the Council, and Franchisor has the right to enforce this obligation. Amounts and expenditures may vary from time to time and due to variations in Council participation and costs as determined by a particular Council and as approved by Franchisor. Although Franchisee shall pay such Council assessments, such assessments shall in no way diminish Franchisee's fundamental status and rights under this Agreement. Franchisor shall have the right to form, change, merge and/or dissolve any Council.

7.8 **Ongoing Site Evaluation.** Franchisee agrees that in order to maintain the high quality and uniform standards associated with the System and to protect Franchisor's goodwill and reputation, Franchisee will permit Franchisor, during business hours, to inspect Franchisee's Franchised Restaurant, confer with Franchisee and its employees and customers, check inventories, methods and perform any other inspection which Franchisor deems necessary to protect the standards of quality and uniformity of the System and Franchisee's performance under this Agreement. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor.

7.9 **Computer Hardware and Software.** Franchisee shall purchase or lease a particular cash register or point of sale system ("POS system") from one or more third parties either contained in the Confidential Operations Manual or approved by Franchisor. Any assistance or support relating to such system must be provided by a third party and not by Franchisor. Franchisee shall also purchase a web-based data reporting software system that works in conjunction with the POS system.

7.9.1 Franchisor's Access. Franchisor may require that Franchisee's POS system be programmed to automatically transmit data and reports about the operation of the Franchised Restaurant to Franchisor. Franchisor shall also have the right to, at any time without notice, electronically connect with Franchisee's POS system to monitor or retrieve data stored on the POS system or for any other purpose Franchisor deems necessary. Franchisee shall obtain and maintain high speed Internet access or other means of electronic communication, as specified by the Franchisor from time to time. There are no contractual limitations on Franchisor's right to access the information and data on Franchisee's POS system.

Franchisee shall deliver to Franchisor all access codes, static internet protocol (“IP”) addresses and other information to facilitate Franchisor’s access to the data described in this Section 7.9 within thirty (30) days of opening the Franchised Restaurant.

7.9.2 Proprietary Software. Franchisor has a proprietary interest in all databases, lists, templates, programs and any other software components that have been created and/or customized by Franchisor using the POS system (the “Proprietary Software”). In the future, Franchisor may further customize the Proprietary Software and create programs that conduct, among other things, scheduling, accounting, inventory, point-of-sale functions, and related activities. Franchisee must obtain the computer hardware necessary to implement the Proprietary Software into the Franchised Restaurant, and comply with all specifications and standards prescribed by Franchisor regarding the Proprietary Software as provided in the Confidential Operations Manual. This Proprietary Software will be proprietary to Franchisor and shall be included in Franchisor’s Confidential Information.

7.9.3 PCI-DSS Compliance. Franchisee may capture customer data only in strict accordance with Franchisor’s specifications and only using those technologies and processes that are approved by Franchisor. Franchisee shall comply with Franchisor’s data privacy policies, as well as industry standards, Payment Card Industry Data Security Standard, and applicable law regarding the collection, storage, disclosure, processing, and use of customer data, including, if and when required, providing privacy notices and obtaining customer consents. Notwithstanding, Franchisee is expressly prohibited from selling, sharing, or otherwise disclosing any customer data to any third party for valuable consideration or for the purpose of performing cross-context behavioral advertising. Franchisee shall notify Franchisor immediately of any actual or suspected data breach of Franchisee’s computer systems and shall, at Franchisee’s sole expense, cooperate fully with Franchisor and Franchisor’s counsel to investigate the data breach and implement remedial measures. Franchisee shall defend, indemnify, and hold harmless Franchisor for any and all costs, expenses, and/or attorney’s fees incurred in connection with the data breach, including but not limited to, costs associated with legal notifications, credit monitoring, and crisis management services.

7.10 Area Computer Network. Franchisee is required to participate in any System-wide area computer network, intranet system, or extranet system that Franchisor implements and may be required by Franchisor to use such area computer network, intranet system, or extranet system to, among other things: (i) submit Franchisee’s reports due under this Agreement to Franchisor on-line; (ii) view and print portions of the Confidential Operations Manual; (iii) download approved local advertising materials; (iv) communicate with Franchisor and other System franchisees; and (v) to complete any initial or ongoing training. Franchisee agrees to use the facilities of any such area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor included in the Confidential Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

7.11 Personal Conduct. Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor’s Marks into disrepute. Franchisee may not commingle its funds with funds of any other person for any reason, nor guaranty, directly or indirectly, the obligations of any other person, for any purpose other than to satisfy Franchisee’s obligations under this Agreement.

7.12 Best Efforts. Franchisee at all times shall use its best efforts to promote and increase the sales and service of Menu Items, and to solicit and service all potential customers and accounts for EXTREME PIZZA food products and services. Failure of Franchisee to devote its best efforts to adequately

represent the Franchised Restaurant in its Designated Area through its sales and service efforts shall be deemed just cause for termination of this Agreement.

7.13 **Telephone.** Franchisee must obtain and use a new telephone number and telephone listing at Franchisee's expense, to be listed under the "Extreme Pizza" name and not under Franchisee's corporate, partnership or individual name, to be used exclusively in connection with Franchisee's operation of the Franchised Restaurant. Upon the expiration, transfer or termination of this Agreement for any reason, Franchisee shall terminate Franchisee's use of such telephone number and listing and assign same to Franchisor or its designee, and, at Franchisor's option, shall execute the Internet Advertising, Social Media and Telephone Account Agreement attached as Attachment 4 to this Agreement.

7.14 **Payment of Debts.** Franchisee is solely responsible for selecting, retaining and paying Franchisee's employees; the payment of all invoices for the purchase of goods and services used in connection with operating the Franchised Restaurant (including private label goods and services); and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the opening and operation of a Franchised Restaurant. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for debts owed by Franchisee if Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between System suppliers and System franchisees. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from Franchisee's operation of a Franchised Restaurant. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

7.15 **Compliance with Applicable Laws.** Franchisee shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Restaurant and shall operate the Franchised Restaurant in full compliance with all applicable laws, ordinances and regulations, including without limitation all government regulations relating to occupational hazards and health, dispensing of food products, consumer protection, trade regulation, worker's compensation, unemployment insurance and withholding and payment of Federal and State income taxes and social security taxes and sales, use and property taxes.

7.16 **Trade Secrets and Confidential Information.** Franchisee must maintain the confidentiality of all Confidential Information as set forth in Section 5 of this Agreement.

7.17 **Image.** Franchisee shall make no material alterations to the premises of the Franchised Restaurant nor shall Franchisee make material replacements of or alterations to the equipment, fixtures or signs of the Franchised Restaurant without the prior written approval by Franchisor. Franchisee may not install or maintain on the premises of the Franchised Restaurant any newspaper racks, video games, jukeboxes, gaming machines, gum machines, games, rides, vending machines or other similar devices without written approval from Franchisor.

7.18 **Pending Actions.** Franchisee shall notify Franchisor in writing within five (5) days following knowledge by Franchisee of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, to which Franchisee, its general partners (if Franchisee is a partnership) or its officers or directors or holder of five percent (5%) or more of the securities of Franchisee or any corporation directly

or indirectly controlling Franchisee (if Franchisee is a corporation) is a party, which may adversely affect the operation or financial condition of the Franchisee or Franchised Restaurant.

7.19 Standard Maintenance. Franchisee shall maintain the condition and appearance of the premises of the Franchised Restaurant consistent with Franchisor's quality controls and standards. Franchisee shall effect such reasonable maintenance of the Franchised Restaurant as is from time to time required to maintain or improve the appearance and efficient operation of the Franchised Restaurant, including but not limited to replacement of worn out or obsolete fixtures, equipment, signs, repair of the exterior and interior of the premises of the Franchised Restaurant, and modification or updating of existing or new equipment. If at any time in Franchisor's judgment the general state of repair or the appearance of the premises of the Franchised Restaurant or its equipment, fixtures, signs or decor does not meet Franchisor's quality control and standards therefor, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate a bona fide program to complete any required maintenance within thirty (30) days after receipt of such notice, Franchisor shall have the right, but not the obligation, in addition to all other remedies, to enter upon the premises of the Franchised Restaurant, without liability for trespass or tort, and effect such repairs, painting, maintenance or replacements of equipment, fixtures or signs on behalf of Franchisee and Franchisee shall pay the entire costs thereof on demand. Franchisee's obligation to initiate and continue any required maintenance shall be suspended during any period in which such maintenance is impractical due to force majeure.

7.20 Management and Financial Reviews. Not less than every three (3) months, Franchisor has the option, exercisable in its sole discretion, to conduct management and financial reviews of the Franchisee and its Franchised Restaurant. Franchisee shall fully comply with all of Franchisor's requests and submit all necessary forms and surveys to facilitate such reviews.

7.21 Security Agreement. To secure payment of all sums owing to Franchisor from Franchisee, whether they be Royalty Fees, Brand Fund Contributions, and/or other fees, costs, damages, or reimbursements pursuant to this Agreement or any other agreement between Franchisor and Franchisee and/or Principal(s), Franchisee grants Franchisor a security interest in the Collateral (as hereafter defined) and further agrees:

- 7.21.1 The Collateral means all furniture, fixtures, equipment, signage, inventory, and supplies of the Franchised Business, wherever located, that are now owned or hereafter acquired, and any additions, substitutions, replacements, or products thereof or proceeds therefor.
- 7.21.2 This Agreement shall be deemed a security agreement, and Franchisor, in Franchisor's discretion, may file with applicable state agencies or offices this Agreement and/or one or more financing statements indicating Franchisor's secured interest in the Collateral. Franchisee shall cooperate with Franchisor and shall execute such documents as may be necessary for Franchisor to perfect its security interests.
- 7.21.3 Upon a default of this Agreement by Franchisee, all sums owing to Franchisor from Franchisee shall be immediately due and payable, and Franchisor shall have the immediate right to possession and use of the Collateral, which includes Franchisor right to enter upon any premises, without legal process, where the Collateral may be found. Franchisor further shall have all rights, options, duties, and remedies of a secured party pursuant to the Uniform Commercial Code, as adopted by the State where the Collateral is located, including the right to dispose of the Collateral in accordance therewith.

7.21.4 Franchisor's exercise of its rights with regard to the Collateral are in addition to and not exclusive of any other rights or remedies that Franchisor may have pursuant to this Agreement, at law, or in equity for Franchisee's breach of this Agreement.

8. INSURANCE

8.1 **Insurance Generally.** Franchisee shall procure at its expense and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting Franchisee and Franchisor, and their officers, directors, partners and employees against any loss, liability, personal injury, death, or property damage or expense whatsoever arising or occurring upon or in connection with the Franchised Restaurant, as Franchisor may reasonably require for its own and Franchisee's protection. Franchisor shall be named an additional insured in such policy or policies.

8.2 **Minimum Insurance Requirements.** Such policy or policies shall be written by an insurance company satisfactory to Franchisor in accordance with standards and specifications set forth in the Confidential Operations Manual or otherwise in writing, and shall include, at a minimum (except as different coverages and policy limits may reasonably be specified for all franchisees from time to time by Franchisor in the Confidential Operations Manual or otherwise in writing) the following:

8.1.1 Commercial General Liability \$1,000,000 each occurrence, \$300,000 damage to rented premises, \$5,000 medical expenses (Any one person), personal and adv. injury \$1,000,000, general aggregate \$1,000,000, products-comp/OP AGG \$1,000,000 and building coverage including: completed additions; fixtures, including outdoor fixtures; permanently installed machinery and equipment; your personal property in apartments, rooms or common areas furnished by you; owned personal property used to maintain or service the buildings or structures or the described premises including fire extinguishing equipment, outdoor furniture, floor coverings and appliances for refrigerating, ventilating, cooking, dishwashing, or laundering; additions under construction and materials, equipment, supplies and temporary structures on or within 100 feet of the described premises used for additions, alterations, or repairs to buildings or structures if not covered by other insurance.

8.1.2 Automobile Liability \$1,000,000 each occurrence, \$1,000,000 bodily injury (Per person), \$1,000,000 bodily injury (Per accident), \$1,000,000 Property Damage (Per accident).

8.1.3 Umbrella Liability \$1,000,000 each occurrence.
- Workers Compensation and Employers' Liability \$1,000,000 each accident, \$1,000,000 disease-each employee, \$1,000,000 disease – policy limit.; and

8.14 Such additional insurance and types of coverage as may be required by the terms of any lease for the Franchised Restaurant, or as may be reasonably required from time to time by Franchisor.

8.3 **Certification of Insurance.** The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by Franchisor. Prior to acquiring an interest in real property to be developed into a Franchised Restaurant or, similarly, prior to the start of construction or operation of a Franchised Restaurant, or of other franchise related activity requiring insurance, a Certificate of Insurance (including a paid receipt) showing compliance with the foregoing requirements shall be furnished by Franchisee to Franchisor for approval. Such certificate shall state that said policy or policies will not be canceled or altered, or subjected to nonrenewal without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums. Maintenance of such insurance and the performance by Franchisee of the obligations under this Section

shall not relieve Franchisee of liability under the indemnity provision set forth in this Agreement. Minimum limits as required above may be modified from time to time by Franchisor as conditions require, by written notice to Franchisee.

8.4 Failure to Meet Insurance Requirements. Should Franchisee, for any reason, not procure and maintain such insurance coverage as required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance coverage and to charge same to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice. Failure by Franchisee to obtain any required insurance coverage shall constitute a material breach and default of this Agreement in accordance with the termination provisions of this Agreement.

8.5 Application of Proceeds. Unless otherwise consented to in writing by the Franchisor, all insurance proceeds from any casualty collected by the Franchisee shall be applied to repair or replace all real, personal and other property as necessary to as promptly as reasonably practicable recommence operations at the site of the Franchised Restaurant or any other site approved by Franchisor in accordance with the terms of this Agreement.

9. FINANCIAL RECORDS AND REPORTS

9.1 Record and Required Reports. Franchisee must maintain for at least three (3) fiscal years from their preparation complete financial records for the operation of the Franchised Restaurant, in accordance with generally accepted accounting principles, and must provide Franchisor with: (i) weekly Gross Sales Reports signed by Franchisee and in the form Franchisor specifies which contains the sales information pertaining to the preceding week, including, without limitation, a summary of all monies received during the relevant period as well as other additional information which Franchisor deems necessary to properly evaluate Franchisee's progress; (ii) a monthly income statement, profit and loss statement and balance sheet, in a format specified by Franchisor, including a standard chart of accounts; (iii) annual financial reports and operating statements in the form Franchisor specifies, certified to be true by the Franchisee and reviewed by a certified public accountant or state licensed public accountant, within one hundred twenty (120) days after the close of each of Franchisee's fiscal years; (iv) state and local sales tax returns or reports and federal, state and local income tax returns for each year in which Franchisee's Franchised Restaurant is operated, within thirty (30) days after their timely completion; and (v) such other reports as Franchisor may from time to time require, in the form and at the time Franchisor prescribes. Franchisee's fiscal year must be on a calendar year basis. Franchisee agrees to provide an unaudited quarterly profit and loss statement covering Franchisee's Franchised Restaurant. These reports are due on the forty-fifth (45th) day following the end of each quarter. Franchisee must also provide an unaudited profit and loss statement covering the Franchised Restaurant for Franchisee's fiscal year end not later than April 15th of each year. Franchisee shall submit all other reports as specified in the Confidential Operations Manual.

9.1.1 Failure to Submit Required Reports. In the event that Franchisee fails to submit any of the required documents detailed in Section 9.1 within the prescribed time period, Franchisee shall pay to Franchisor a non-reporting penalty fee in the amount of Three Hundred Fifty Dollars (\$350) for each instance where Franchisee fails to submit a required document or report. Franchisor's acceptance of this penalty fee does not in any way affect Franchisee's right to require Franchisee to retain an accountant as set forth in Section 9.3.

9.2 Computerized Accounting System and POS System. To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at its discretion,

may specify the form in which the business records are to be maintained, provide a uniform set of business records for Franchisee to use, and specify the type of POS system or other equipment to be used in connection with the Franchised Restaurant. All Gross Sales and sales information shall be recorded on the POS system. Franchisor shall have full access to all of Franchisee's data, system, and related information by means of direct access, whether in person, or by telephone/modem installed and maintained at Franchisee's sole expense, as described in Section 7.9 above. As set forth more fully in Section 7.9.1, Franchisee must deliver all access codes, IP addresses and other information to facilitate Franchisor's access to the electronic data of the Franchised Restaurant within thirty (30) of the opening of the Franchised Restaurant. Franchisor also has rights and interest in the Proprietary Software as set forth more fully in Section 7.9.2.

9.3 Required Accounting Services. If at the time of Franchisee enters into this Agreement, or anytime thereafter, Franchisor determines, in its sole discretion, that Franchisee lacks sufficient accounting experience to maintain Franchisee's books and accounting or in the event Franchisee fails to provide the monthly, quarterly, or yearly financial reports required under this Section 9 in the proper format two (2) or more times in any twelve (12) month period, then Franchisor shall have the right, in its sole discretion and in addition to the penalty described in Section 9.1.1, to require Franchisee to retain the services of an accountant to maintain Franchisee's books and accounting for the unexpired term of this Agreement. Franchisee shall bear all costs incurred in connection with the provision of these services.

10. TRAINING

10.1 Initial Training Program. Prior to Franchisee's commencement of operations, Franchisor shall make initial training available to Franchisee (or its managing shareholder or partner) and its designated manager(s), consisting of at least three (3) individuals. Franchisee and its designated managers are required to attend and successfully complete to Franchisor's satisfaction prior to opening for business, a training and familiarization course of approximately, four (4) weeks in duration to be conducted at Franchisor's designated facility. Said training program shall include both classroom and hands-on training and shall cover material aspects of the operation of an EXTREME PIZZA restaurant, including, but not limited to, financial controls, general bookkeeping procedures, food preparation, service and operational techniques, familiarization with recipes and cooking procedures, marketing and advertising techniques, sanitation and maintenance procedures, employment of labor, and maintenance of quality standards. All expenses incurred by Franchisee and its manager(s) in attending such program, including without limitation, travel costs, room and board expenses, and applicable salaries, shall be the sole responsibility of Franchisee. The costs of providing the training program described in this Section shall be borne by Franchisor. Franchisee and its employees shall attend and complete training prior to the opening of the Franchisee's Franchised Restaurant. Each manager must complete the initial training program, and none of Franchisee's other personnel may be substituted for any manager undertaking the initial training at any time in during the training program.

10.1.1 Replacement Personnel and Costs. Should Franchisee or its designated managers fail to complete the initial training program to Franchisor's satisfaction, the respective person may repeat the course, or in the case of an employee, Franchisee may send alternate managers (the "Replacement Personnel") to the next available initial training program. If Franchisee or such Replacement Personnel are unable to complete the training program to Franchisor's satisfaction, Franchisee shall pay Franchisor's then-current training fee for itself and/or each Replacement Personnel attending the initial training program, plus all out-of-pocket expenses incurred by Franchisee and/or such Replacement Personnel, until a person so designated satisfactorily completes the training program.

- 10.1.2 **Failure to Complete Initial Training.** Failure by Franchisee, a designated manager or any Replacement Personnel to complete the initial training program to Franchisor's satisfaction within the time period prescribed in this Agreement shall constitute default of this Agreement and Franchisor may terminate the Agreement.

10.2 **On-Site Training by Franchisor.** Prior to and during the commencement of operations of Franchisee's Franchised Restaurant, and as part of Franchisor's initial training program, Franchisor shall furnish to Franchisee, at Franchisee's premises and at Franchisor's expense, one (1) or more of Franchisor's representatives for the purpose of facilitating the opening of Franchisee's Franchised Restaurant for a period of two (2) weeks. During this period, such representative will also assist Franchisee in establishing and standardizing procedures and techniques essential to the operation of an EXTREME PIZZA restaurant and shall assist in training personnel. Should Franchisee request additional assistance from Franchisor in order to facilitate the opening of the Franchised Restaurant, and should Franchisor, in its discretion, deem it necessary, feasible and appropriate to comply with the request, Franchisee shall reimburse Franchisor for the expense of Franchisor providing such additional assistance, which may include Franchisor's travel, meals and lodging expenses as well as Franchisor's then-current reasonable per diem fee.

10.3 **Training Other Employees.** If Franchisee designates new or additional managers after the initial training program, Franchisor shall provide training to such managers to the extent that Franchisor can reasonably accommodate such managers, with such training provided at the then-current tuition rate published in the Confidential Operations Manual. Franchisee shall also pay all employee salaries and travel, meals and living expenses incurred by Franchisee's managers or employees in attending such training programs.

10.4 **Additional Training Programs.** To assist Franchisee in the operation of the Franchised Restaurant, Franchisor may offer additional training programs and/or refresher courses to Franchisee, its manager(s) and/or its employees. Franchisor may require Franchisee's attendance at these programs and/or courses. Franchisee is responsible for the expenses incurred by Franchisee, its designated manager(s), and its employees, including transportation to and from the training site and lodging, meals, and salaries during such training. The additional training programs and refresher courses will be at Franchisor's then-current tuition for such training.

11. BOOKS AND RECORDS

Franchisee shall maintain accurate business records, reports, accounts, books and data relating to the operation of Franchisee's Franchised Restaurant. Franchisor and its designees have the right to inspect and/or audit Franchisee's business records at any time during normal business hours, to determine whether Franchisee is current with suppliers and are otherwise operating in compliance with the terms of this Agreement and the Confidential Operations Manual. If any audit reveals that Franchisee has understated Franchisee's Continuing Services and Royalty Fee or advertising contributions, or Franchisee's local advertising expenditures, by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any two (2) reporting periods within any twelve (12) month period, Franchisee must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), together with amounts due for Continuing Services and Royalty Fees and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Agreement. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement.

Franchisee shall comply with industry standards and applicable law in connection with the collection, storage, disclosure, processing, and use of customer data, including, if required under applicable law, providing all necessary privacy notices and obtaining consents from customers to use of the customer data. Franchisee shall comply with all laws and regulations relating to data protection, privacy and security, including data breach response requirements, as well as data privacy and security policies, procedures, and other requirements Franchisor may periodically establish (“Privacy Laws”).

Franchisee shall not sell, share, make available, or otherwise disclose any customer data to any third party for valuable consideration or for the purpose of performing cross-context behavioral advertising. Franchisee warrants and represents that it shall not transmit or cause any other party to transmit advertisements or solicitations via e-mail, SMS text message, or other electronic media without first obtaining Franchisor’s written consent as to both the content and Franchisee’s plan for transmitting such advertisements. Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the “CAN-SPAM Act of 2003”), and to use of automatic dialing systems, SMS text messages, and artificial or prerecorded voice messages, including but not limited to the Telephone Consumer Protection Act of 1991 (“TCPA”), as amended from time to time. Franchisee shall comply with the Fair and Accurate Credit Transactions Act (FACTA) and all other consumer protection laws and regulations.

Franchisor has the right, but not the obligation, to create data protection and securities policies. If created, Franchisee shall comply with all such policies as described in the Manual, which may be supplemented, modified, or amended from time to time in Franchisor’s sole discretion upon thirty (30) days’ notice to Franchisee.

Franchisee shall notify Franchisor immediately of any suspected data breach at or in connection with the Franchised Business and shall fully cooperate with Franchisor and its counsel. Franchisee is responsible for any financial losses incurred or remedial actions required as a result of breach of Privacy Laws, security, or unauthorized access to customer data in its control or possession, including but not limited to, costs associated with preparing and sending legally-required notifications to affected individuals, regulators and attorneys general, engagement of information technology consultants, public relations, and other similar crisis management services, legal and accounting fees and expenses associated with Franchisor’s investigation of and response to the data breach, and costs for credit reporting services that are associated with legally required notifications or are advisable under the circumstances.

12. ADVERTISING

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

12.1 Generally. Generally, with regard to advertising for the Franchised Restaurant, Franchisee shall place or display at the Approved Location (interior and exterior) only such signs, emblems, lettering, logos and displays and advertising materials as Franchisor approves in writing from time to time. Franchisee shall submit to Franchisor, at least fifteen (15) business days prior to publication or use, samples of all sales, promotional, and advertising materials Franchisee desires to use, including, but not limited to, print, radio and television advertising, signage, supplies and packaging which Franchisor has not previously approved. Such submission shall not affect Franchisee’s right to determine the prices at which Franchisee sells Franchisee’s products. Within ten (10) business days of Franchisor’s receipt of any sample sales promotional material or advertising materials from Franchisee, Franchisor shall notify Franchisee in writing of Franchisor’s approval or disapproval of the materials. Franchisee shall not use any advertising or promotional materials for which Franchisor has not given Franchisor’s prior written approval. In the event that Franchisor does not approve of submitted materials in writing, said materials shall be deemed disapproved by Franchisor. All advertising shall prominently display the Marks and shall comply with any

standards for use of the Marks Franchisor establishes as set forth in the Confidential Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any advertising or marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense.

12.1.1 In particular, Franchisee shall comply with all applicable federal, state, and local telemarketing, telephone solicitation, do-not-call, text/SMS marketing, and related consumer protection laws, rules, and regulations applicable to the Franchised Business ("Telemarketing Laws"). Such Telemarketing Laws include compliance with the Federal CAN-SPAM Act's general rules for commercial email, opt-out rules, and other communication messages and the Telephone Consumer Protection Act, as amended, and compliance with any registration, license, and/or permit requirements. Franchisor may at any time inspect, audit, and review Franchisee's advertising and telemarketing-related procedures, and Franchisee shall, at Franchisee's sole expense, implement any corrective actions that Franchisor's requires.

12.2 Territorial Advertising Restriction. Franchisee is not permitted to solicit customers and/or advertise outside Franchisee's Designated Area without Franchisor's prior written consent, which it may grant at its sole discretion. Franchisor may condition Franchisor's authorization upon Franchisee's agreement to offer franchisees that are operating EXTREME PIZZA restaurants in territories encompassed by the circulation base of the proposed advertising the opportunity to participate in, and share the expense of, such solicitation and/or advertising. Notwithstanding the foregoing, Franchisee may accept customers from outside Franchisee's Designated Area at Franchisee's Franchised Restaurant, provided Franchisee did not solicit such customers by advertising outside of Franchisee's Designated Area without Franchisor's prior written consent. Franchisee may not advertise the Franchised Restaurant or any of the Menu Items, Trade Secret Food Products, or Trademarked Product Lines offered by the Franchised Restaurant via the Internet or any other means of e-commerce, except as permitted in Section 12.3.

12.3 Internet Website.

12.3.1 Franchisor may establish a website that provides information about the System and Franchisor's products and services. Franchisor may use part of the monies from the Fund (as defined in Section 12.5 below) to pay or reimburse itself for the costs associated with the development, maintenance and update of such website. Franchisor will be the web master, either directly or indirectly through a third party, and have sole discretion and control over such website.

12.3.2 Franchisor may design and provide to Franchisee a web page for the promotion of Franchisee's Franchised Restaurant on Franchisor's website. In such case, Franchisor will be the web master, as set forth in Section 12.3.1, and have sole discretion and control over such web page. Franchisor will review and execute, subject to Franchisor's approval, requested changes to Franchisee's web page. Franchisee is not permitted to maintain an individual website related to the Franchised Restaurant, or to establish a URL incorporating any variation of the "Extreme Pizza" name or the Marks, without Franchisor's prior written approval. Franchisee will not violate Franchisor's privacy policies or other policies as posted on the website. Franchisor may use part of the monies from the Fund to pay or reimburse the costs associated with the development, maintenance and update of the website. Franchisee must also participate in any System-wide area computer network, intranet system, or extranet implemented by Franchisor as described in this Agreement.

12.3.3 Franchisee acknowledges that Franchisor is the lawful, rightful and sole owner of the Internet domain name www.extremepizza.com, and any other Internet domain names registered by Franchisor, and unconditionally disclaims any ownership interest in those or any confusingly similar Internet domain name. Franchisee agrees not to register any Internet domain name in

any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor's affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

12.4 Grand Opening Advertising. Franchisee agrees to spend at least Fifteen Thousand Dollars (\$15,000) to promote the grand opening of Franchisee's Franchised Restaurant ("Grand Opening Advertising Requirement") within the initial eight (8) weeks of operation of the Franchised Restaurant. Franchisor, in its sole discretion, may provide graphic designs layouts and written copy for advertisements which Franchisee must use (Franchisee agrees to pay production costs for items such as ad slicks and typesetting of specific ads for Franchisee's Franchised Restaurant). This advertising and promotion shall be conducted in accordance with the specifications set forth in the Confidential Operations Manual.

12.4.1 Grand Re-Opening Advertising. In the event that Franchisee wishes to transfer this Franchise Agreement under Section 14, transferee must spend at least Fifteen Thousand Dollars (\$15,000) to promote the grand re-opening of Franchisee's Franchised Restaurant ("Grand Re-Opening Advertising Requirement") within the initial eight (8) weeks of operation of the Franchised Restaurant by transferee. Franchisor, in its sole discretion, may provide graphic designs layouts and written copy for advertisements which the transferee must use (transferee must pay production costs for items such as ad slicks and typesetting of specific ads for transferee's Franchised Restaurant).

12.5 Advertising and Development Fund. Franchisor has established the EXTREME PIZZA Advertising and Development Fund (the "Fund") for the common benefit of System franchisees. Franchisor has the right to require Franchisee to participate in and contribute weekly to the Fund an amount up to one percent (1%) of Franchisee's Gross Sales (the "Advertising Fee") in the manner Franchisor prescribes. If Franchisor requires Franchisee to contribute to the Fund, Franchisee must pay the Advertising Fee in the same manner as the Continuing Services and Royalty Fee due under this Agreement. Franchisee agrees to participate in all non-press related advertising and public relations programs instituted by the Fund, and Franchisor has the right to require that an advertising cooperative and/or franchisee advisory council be formed, changed, dissolved or merged.

12.5.1 Franchisor will use Fund contributions, in Franchisor's sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in Franchisor's sole judgment, the products and services offered by System franchisees. Franchisor has the sole right to determine contributions and expenditures from the Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that Franchisor will make a good faith effort to expend Fund contributions in the general best interests of the System on a national or regional basis. Franchisor may use the Fund to satisfy any and all costs of maintaining, administering, directing, preparing, producing, and implementing advertising, including the cost of preparing, producing, and implementing television, radio, magazine and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares. Nevertheless, Franchisee acknowledges that neither Franchisee nor other System franchisees will benefit directly or on a pro rata basis from such expenditures. While Franchisor does not anticipate that any part of the Fund contributions will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the Fund for public relations or recognition of the "Extreme Pizza" brand, for the creation and maintenance of a web-site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available."

12.5.2 Franchisor may periodically assist franchises to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such

programs will be borne by the Fund. The cost of these programs may be charged directly to Franchisee if Franchisee's results from a Survey fall below System established minimum standards for such Surveys.

12.5.3 Franchisor has the right to reimburse itself from the Fund contributions for such reasonable costs and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the Fund.

12.5.4 For each of the company-owned or affiliate-owned Franchised Restaurants, Franchisor or its affiliates shall make contributions to the Fund equivalent to the contributions required of Franchised Restaurants within the System. If Franchisor does not spend all fund contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year.

12.5.5 Franchisor reserves the right to decrease Franchisee's percentage contribution to the Fund provided, however, that any such decrease may result in an equal increase in Franchisee's percentage contribution for local advertising and promotion as described in Section 12.7.

12.5.6 Franchisor will prepare on an annual basis, and will have available for Franchisee within one hundred and twenty (120) days of the end of the fiscal year, a statement of contributions and expenditures for the Fund. The statement will be presented to Franchisee upon Franchisee's written request. The Fund is not required to be independently audited.

12.5.7 Franchisor maintains the right to terminate the Fund, but will not do so until all monies contributed thereto have been expended for advertising and/or promotional purposes. Once contributions are made to the Fund, there will be used as described herein and not returned to the Franchisee. Franchisor may cause the Fund to be incorporated or operated through an entity separate from Franchisor at such time as Franchisor deems appropriate, with said entity having all rights and duties of Franchisor pursuant to this Section. If Franchisor elects to terminate the Fund, Franchisor may reinstate the Fund at any time and such reinstated Fund shall be administered as described herein.

12.6 Regional Advertising and Promotional Cooperative. From time-to-time Franchisor may designate a local or regional advertising coverage area in which Franchisee's Franchised Restaurant business and at least one (1) other EXTREME PIZZA restaurant is located for purposes of developing a cooperative local or regional advertising or promotional program ("Co-op Program"). If directed by Franchisor, Franchisor's approved Regional Franchisee Advisory Council (as described in Section 7.7) or designated agency, Franchisee agrees to participate in and contribute to such cooperative advertising and promotional programs in Franchisee's advertising coverage areas in addition to such contributions and expenditures as required pursuant to this Agreement. The cost of the program shall be allocated among locations in such area as prescribed in the Confidential Operations Manual. Said contributions to cooperative advertising promotional programs will be credited toward the local advertising and promotional expenditure required by Section 12.7 below, but if the amount Franchisee contributes to a Co-op Program is less than the amount Franchisee is required to spend on local advertising, Franchisee shall nevertheless spend the difference locally. In no event will a restaurant be required to contribute more than eighty five percent (85%) of its local advertising requirement to Co-op Program campaigns. An "Advertising Coverage Area" shall be the area covered by the particular advertising medium (television, radio, or other medium) as recognized by Arbitron, A.C. Nielsen or other similar nationally recognized survey company designated by Franchisor. At the time a program is submitted, Franchisor shall submit a list to Franchisee of all operating EXTREME PIZZA restaurants within the Franchisee's advertising coverage area. If co-operative advertising is implemented in a particular region, Franchisor may establish an advertising council for franchisees in that region to self-administer the program. If Franchisor establishes a Co-op Program with or without an advertising council, there are no limits on Franchisor's rights to change, dissolve or merge

such programs and/or councils at any time. The Co-op Program may be required to prepare annual financial statements, which will be available for review upon written request.

12.7 Local Advertising. In addition to the advertising fund contributions described above in Section 12.5, Franchisee shall be required to spend the greater of Twenty-Four Thousand Dollars (\$24,000) or three and one-half percent (3.5%) of Gross Sales derived from the Franchise Restaurant, on an annual basis, on local advertising and promotion in accordance with an annual plan approved by Franchisor and Franchisor's standards and specifications (the "Local Advertising Requirement"). Franchisee shall budget, for each calendar quarter the greater of Six Thousand Dollars (\$24,000) or three and one-half percent (3.5%) of the Gross Sales derived from the Franchised Restaurant during the preceding calendar quarter. Franchisee must spend the Local Advertisement Requirement as Franchisor prescribes in the Confidential Operations Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements, or engaging certain public figures to assist the Franchisee in promoting its Franchised Restaurant. The Local Advertising Requirement must be expended within Franchisee's Designated Area. Franchisee acknowledges and agrees that Franchisee's Local Advertising Requirement must be expended regardless of the amount(s) spent by other System franchisees on local advertising. Franchisee may spend any additional sums Franchisee wishes on local advertising. Franchisee must use only such advertising and promotional materials as have been previously approved by Franchisor. Franchisee will submit to Franchisor an annual plan for Franchisee's expenditure of Franchisee's local marketing budget. Franchisee must send Franchisor proof of Franchisee's expenditures of the Local Advertising Requirement not later than the fifteenth (15th) day of each month, or in any other manner as Franchisor may specify.

12.8 Promotional Advertising and Inventory. Franchisor may, from time to time, develop and market special promotional items which will be made available to Franchisee at Franchisor's cost plus a reasonable markup and Franchisee shall maintain a representative inventory of such promotional items to meet public demand. Franchisee shall have the right to purchase alternative promotional items provided that such alternative goods conform to the specifications and quality standards established by Franchisor from time to time.

12.9 Cooperative Credits and Rebates. Franchisor may, in its sole discretion, establish national, regional or local cooperative programs dealing wholly or partly with allowances, benefits, credits and/or payments received by Franchisor and/or its franchisees (including Franchisee) from suppliers based on product purchases or like criteria. Franchisee agrees to assign to Franchisor or its designee all of Franchisee's right and interest in and to any and all such allowances, benefits, credits and payments at such time and in such manner as Franchisor shall reasonably require. Such funds received by Franchisor from cooperative programs will be contributed to the Fund as Franchisor deems necessary in its sole discretion. Franchisor may also give a portion of the rebates back to a particular franchisee, but is not required to do so under this Agreement.

13. INDEPENDENT LICENSEE; RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

13.1 Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. All stationery, business cards and contractual agreements entered into by Franchisee shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice in the

place Franchisor designates, that Franchisee operates Franchisee's Franchised Restaurant as an independently owned and operated franchised business and that Franchisee independently owns and operates the Franchised Restaurant as a System franchisee. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Franchised Business. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of any allegation of an agent, partner, or employment relationship. Nothing in this Agreement authorizes Franchisee to make any contract, agreement warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the Franchised Restaurant or for any claim or judgment arising therefrom against Franchisee or Franchisor.

13.2 No Relationship. Franchisee acknowledges and agrees that Franchisee alone exercises day-to-day control over all operations, activities, and elements of the Franchised Business, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never claim otherwise, that the various restrictions, prohibitions, specifications, and procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in Franchisor's Operations Manual or otherwise, does not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising control of the day-to-day operations of the Franchised Business.

13.3 Franchisee's Employees. Franchisee acknowledges and agrees that any training Franchisor provides for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems, and operations of an Extreme Pizza outlet and in no fashion reflects any employment relationship between Franchisor and such employees. If ever it is asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending said allegation, appearing at any venue requested by Franchisor to testify on Franchisor's behalf participate in depositions, other appearances or preparing affidavits rejecting any assertion that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.

13.4 Indemnification. Franchisee and its principals agree to indemnify, defend and hold Franchisor, its affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (a) the operation of Franchisee's Franchised Restaurant, including the use, condition, construction and build-out, equipping, decorating, maintenance or operation of the Approved Location, the sale of any products and services, including the sale of related products and services, and Franchisee's advertising; (b) the use of the Marks and other Proprietary Material; (c) the transfer of any interest in this Agreement or Franchisee's Franchised Restaurant in any manner not in accordance with this Agreement; (d) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties; or (e) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or area developer operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys',

attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor shall have the right to defend any such claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnities and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

13.4.1 Franchisor agrees to indemnify, defend and hold Franchisee harmless against, and to reimburse it for all Claims arising out of Franchisee's lawful use of the Marks pursuant to and in compliance with this Agreement wherein such use is held to constitute trademark infringement, breach or violation of any trademark, trade name, or service mark of any third party or for unfair competition or dilution, provided that Franchisee has timely notified Franchisor of such claim or proceedings, has otherwise complied with this Agreement and has tendered complete control of the defense of such to the Franchisor. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action. Franchisor shall have the right to defend any such claim in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. If Franchisor defends such claim, Franchisor shall have no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements of any attorney retained by Franchisee.

14. SALE OR TRANSFER

14.1 **Transfer.** Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in the Franchised Restaurant without Franchisor's prior written consent, which consent shall not be unreasonably withheld. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.

14.2 **Ownership Changes.** A sale, transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee attempts to sell, transfer, assign, or encumber any portion of the Franchised Restaurant or any interest in this Agreement or the Franchised Restaurant; (ii) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of more than ten percent (10%) of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, (iii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of a fractional partnership ownership interest exceeding ten percent (10%); or (iv) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company exceeding ten percent (10%). Any new partner, shareholder, or member or manager owning more than ten percent (10%) of the outstanding shares of the company will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (ii) and (iv) above shall not be subject to Franchisor's right of first refusal as set forth in Section 14.2.1.

14.2.1 **Right of First Refusal.** If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Restaurant or any interest in Franchisee's lease to any third party (other than a corporation or limited liability company as set forth in Section 14.4 hereof), Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). Once Franchisor exercises its right of first refusal, it shall close the purchase transactions within one hundred and twenty (120) days from the date on the Letter of Intent. If Franchisor elects not to accept

the offer within a thirty (30) day period, Franchisee shall have a period not to exceed ninety (90) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 14.2.2 hereof. If Franchisee has not completed the transfer within this ninety (90) day period, then Franchisor shall again have the right of first refusal. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section 14.2.1. Any material change in the terms of the offer, shall be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.

14.2.2 Conditions for Approval.

14.2.2.1 All of Franchisee's accrued monetary obligations to Franchisor, its affiliates and designated/approved suppliers and vendors, are satisfied;

14.2.2.2 Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, its affiliates, designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;

14.2.2.3 Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;

14.2.2.4 Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;

14.2.2.5 The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other restaurant business, chain or franchised restaurant which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of Franchisor;

14.2.2.6 The transferee shall execute Franchisor's then-current Franchise Agreement for a full fifteen (15) year term and pay the then-current initial franchise fee;

14.2.2.7 Franchisee shall pay Franchisor a transfer fee not to exceed twenty-five percent (25%) of Franchisor's then current franchise fee;

14.2.2.8 The transferee shall satisfactorily complete Franchisor's training program, at: (i) Franchisor's expense if the transferee pays the required initial franchise fee as set forth in Section 14.2.2.6; or (ii) the transferee's expense within the time frame Franchisor sets forth if Franchisor expressly agrees in writing to a different fee arrangement with transferee in the course of the transfer;

14.2.2.9 Franchisee (and its principals if Franchisee is a partnership, corporation or limited liability company), and the members of their respective families (i.e., spouse, domestic partner or dependent) must comply with the post-termination provisions of this Agreement;

14.2.2.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Franchised Restaurant;

14.2.2.11 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

14.2.2.12 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

14.2.2.13 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Restaurant and performance under its franchise agreement;

14.2.2.14 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of disclosure document and Franchisor shall not be liable for any representations not included in the disclosure document;

14.2.2.15 Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party;

14.2.2.16 Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchisee's Franchised Restaurant as Franchisee has supplied Franchisor hereunder;

14.2.2.17 Transferee expressly agrees to spend the Grand Re-Opening Advertisement Requirement to promote and market the reopening of the Franchised Restaurant as set forth in Section 12.4.1; and

14.2.2.18 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise, however, such consent will not be unreasonably withheld.

14.3 Transfer to a Corporation or Limited Liability Company. If Franchisee is an individual and desires to assign its rights under this Agreement, one (1) time only, to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee set forth in Section 14.2.2.7, and such assignment will not be subject to Franchisor's right of first refusal in Section 14.2.1:

14.3.1 The corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Restaurant;

14.3.2 Franchisee is, and at all times remains, the owner of fifty-one percent (51%) of the outstanding shares of the corporation or a controlling interest in the limited liability company;

14.3.3 The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and

14.3.4 All stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates and execute a non-compete agreement as set forth in Section 17.4 hereof.

14.4 Death or Incapacity of Franchisee.

14.4.1 In General. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, as the case may be, the Franchise granted by this Agreement will terminate. Accordingly, the executor, administrator, conservator or other personal representative of Franchisee or Franchisee's Principal, as the case may be, shall be required to transfer Franchisee's or Franchisee's Principal's interest in this Agreement within six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. A transfer under this Section 14.4, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 14 and unless transferred by gift, devise or inheritance, subject to the terms of Article 14 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.:

14.4.1.1 Apply to Franchisor for the right to continue to operate the franchise for the duration of the term of this Agreement which right shall be granted upon the fulfillment of all of the conditions set forth in this Agreement (except that no transfer fee shall be required); or

14.4.1.2 Sell, assign, transfer, or convey the deceased or incapacitated individual's interest in compliance with the provisions of Section 14 of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the one hundred eighty (180) days to sell, assign, transfer or convey shall be computed from the date of said rejection. For purposes of this Section, Franchisor's silence on an application made pursuant to Section 14.3.1.1 through the one hundred eighty (180) days following the event of death or incapacity shall be deemed an acceptance made on the last day of such period.

14.4.2 Franchisor's Subsequent Option to Purchase. In the event of the death or incapacity of any individual described in Section 14.4.1 where the aforesaid provisions of Section 14.4.1 have not been fulfilled within the time provided, all rights licensed to Franchisee under this Agreement shall, at the option of Franchisor, terminate forthwith and Franchisor shall have the option to purchase the Franchised Restaurant in accordance with Section 14.2.1.

14.4.3 Incapacity Defined. For purposes of this Agreement, an individual shall be considered incapacitated if, in the reasonable discretion of Franchisor, such person, as a result of physical or mental disability, is unable to perform substantially the same services for the Franchised Restaurant for a period of at least ninety (90) days in any twelve (12) consecutive months, as such person performed prior to such physical or mental disability.

14.5 Operation in the Event of Absence, Disability or Death. In order to prevent any interruption of the Franchised Restaurant which would cause harm to the Franchised Restaurant and thereby depreciate the value thereof, Franchisee authorizes Franchisor, in the event that Franchisee (or its only approved manager) is absent or incapacitated by reason of illness or death and is not, therefore, in the sole judgment of Franchisor, able to operate the Franchised Restaurant, to operate the Franchised Restaurant for a period of ninety (90) days and without waiver of any other rights or remedies Franchisor may have under this Agreement. This period may be extended for additional ninety (90) day periods (up to one (1) year) only upon a review and determination by Franchisor that it is necessary and reasonable to continue the operation of the Franchise Restaurant; provided, however, the Franchisor shall not be obligated to so operate the franchise. All monies from the operation of the business during such period of operation by Franchisor shall be kept in a separate account and the expenses of the Franchised Restaurant, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account. If, as herein provided, Franchisor temporarily operates for Franchisee the Franchised Restaurant, Franchisee shall indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all claims arising from the operation of the Franchised Restaurant, including, without limitation, the acts and omissions of Franchisor and its representative other than arising from the negligence or misconduct of the Franchisor or any of its agents and employees.

14.6 Franchisor's Right to Transfer. Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

15. BREACH AND TERMINATION

15.1 Automatic Termination. This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

15.1.1 Voluntary Bankruptcy. If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Restaurant.

15.1.2 Involuntary Bankruptcy. If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Restaurant without Franchisee's consent, and the appointment is not vacated within sixty (60) days.

15.1.3 Unauthorized Transfer. Franchisee purports to sell, transfer or otherwise dispose of Franchisee or any interest in the franchise business in violation of Section 14 hereof.

15.2 With Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 Criminal Acts. If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to a felony, or take part in any criminal misconduct relevant to the operation of Franchisee's Franchised Restaurant.

15.2.2 Fraud. If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of Franchisee's Franchised Restaurant.

15.2.3 Misrepresentation. If Franchisee or Franchisee's principals make any misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

15.2.4 Failure to Complete Training. If Franchisee fails to complete initial training as provided in Section 8.1.

15.2.5 Repeated Breaches. If Franchisor sends Franchisee three (3) or more written notices to cure pursuant to Sections 15.3 or 15.4 hereof in any twelve (12) month period, regardless of whether such breaches were cured.

15.2.6 Breach of Other Agreements. If Franchisee or Franchisee's principals materially breach any other agreement with Franchisor or any of Franchisor's affiliates, or threaten any material breach of any such agreement, or any lease for the Approved Location, and fail to cure such breach within any permitted period for cure.

15.2.7 Misuse of the Marks or Confidential Information. If Franchisee or Franchisee's principals materially violate any provision hereof pertaining to Marks or Confidential Information or misuse the Marks, Proprietary Materials or Confidential Information.

15.2.8 Violation of Health Code. If Franchisee or Franchisee's principals or employees violate any health, safety, or sanitation law, ordinance or regulation, or operate the Franchised Restaurant in a manner that presents a health or safety hazard to customers, or the general public.

15.2.9 Violation of In-term Restrictive Covenant. If Franchisee violates the in-term restrictive covenant contained in Section 17.1.

15.2.10 Liens. If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within thirty (30) days.

15.2.11 Insolvency. If Franchisee or any of Franchisee's principals become insolvent.

15.2.12 Abandonment. If Franchisee voluntarily or otherwise abandons the Franchised Restaurant. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the Franchised Restaurant in accordance with the terms of this Agreement and shall apply in any event Franchisee fails to operate the Franchised Restaurant as part of the System for a period of two (2) or more consecutive days without Franchisor's prior written approval.

15.2.13 Unauthorized Products or Services. If Franchisee offers any unauthorized and unapproved products or services at or from the Franchised Restaurant.

15.2.14 Unapproved Purchases. Franchisee orders or purchases supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier or which Franchisor has not approved.

15.2.15 Misuse of Web Page, Intranet or Extranet, or Software. Franchisee misuses or makes unauthorized use of Franchisor's Proprietary Software or other approved software, if any, or any

web page, intranet, or extranet system provided for use in connection with the operation of Franchisee's Franchised Restaurant.

15.2.16 Insurance. Franchisee fails to maintain insurance or to repay Franchisor for insurance paid for by it, or otherwise fail to adhere to the requirements of Section 9.

15.2.17 Government Regulations. Franchisee fails, within fifteen (15) calendar days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the Franchised Restaurant.

15.2.18 Government Actions. Any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

15.2.19 Anti-Terrorist Activities. Franchisee fails to comply with the provisions of Section 22.7.

15.2.19 Personal Use of Franchised Restaurant Property. If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Restaurant, including employee taxes, FICA, insurance or benefits.

15.2.20 Principal's Default. Franchisee and each Principal acknowledge and agree that a default event described in this Article 17 that is committed by any Principal is deemed a default by the Franchisee entity and all Principals, such that Franchisor may exercise its rights pursuant to this Article 17, whether or not the Franchisee entity or any other Principal had or has involvement or knowledge of the default event.

15.2.21 Insufficient Funds If there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor three (3) or more times within any twelve (12) month period.

15.3 Upon 10 Days' Notice to Cure. Franchisor has the right to terminate this Agreement if any of the following defaults remains uncured after expiration of the ten (10) day cure period:

15.3.1 Nonpayment. If Franchisee fails to pay as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's major suppliers or vendors.

15.3.2 Under-reporting of Gross Sales. If any audit reveals that Franchisee has understated Franchisee's royalty or advertising payments, or Franchisee's local advertising expenditures, by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any two (2) reporting periods within any twelve (12) month period, as described in Section 11.

15.3.3 Endorsement of Checks. Franchisee fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that is erroneously made to Franchisee.

15.3.4 Failure to Maintain Sufficient Inventory Level. If Franchisee fails to maintain sufficient levels of inventory, including, without limitation, Menu Items, Trade Secret Food Products and Trademarked Product Line goods, to adequately meet consumer demand.

15.3.5 Failure to Execute Lease or Open. If Franchisee fails to execute a lease for a location acceptable to Franchisor within the time prescribed in Section 7.1.3, or fails to commence operations of Franchisee's Franchised Restaurant within the time prescribed in Section 7.3 of this Agreement.

15.3.6 Interruption of Service. If Franchisee fails to maintain the prescribed months, days or hours of operation at the Franchised Restaurant, subject to applicable law, the terms of the lease for the Approved Location and/or force majeure.

15.3.7 Failure to Personally Supervise Franchised Restaurant Operations or Employ Adequate Personnel. If Franchisee fails, in Franchisor's sole discretion, to personally supervise day-to-day operation of the Franchised Restaurant or fails to employ a sufficient number of qualified, competent personnel as Franchisor requires from time to time.

15.3.8 Quality Control. If Franchisee fails to maintain the strict quality controls reasonably required by this Agreement and/or the Confidential Operations Manual.

15.3.9 Other Conduct Reflecting Adversely on System. Franchisee conducts itself in a manner that, although not criminal, reflects adversely on the System, the Marks, or the products offered through the System.

15.3.10 Licenses and Permits. Franchisee fails to procure or maintain any licenses, certifications, or permits necessary for the operation of Franchisee's Franchised Restaurant.

15.4 **Upon 30 Days' Notice to Cure.** Franchisor has the right to terminate this Agreement if Franchisee fails to perform or comply with any one or more of the terms or conditions of this Agreement or any ancillary agreements between Franchisee and Franchisor or Franchisor's affiliates.

15.5 **Step In Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights, Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the Franchised Restaurant premises and exercise complete authority with respect to the operation of the Franchised Restaurant for either a period of ninety (90) days or until such time as Franchisor determines, in Franchisor's sole discretion that the default has been cured (whichever is less), and Franchisee is otherwise in compliance with this Agreement. This period may be extended for additional ninety (90) day periods (up to one year) upon a review and determination by Franchisor that it is necessary and reasonable to continue the operation of the Franchise Restaurant. In the event Franchisor exercises the rights described in this Section, Franchisee shall pay Franchisor its then-current per diem fee plus all reasonable costs and overhead incurred in connection with its operation of Franchisee's Franchised Restaurant including, without limitations, costs of personnel for supervising and staffing the Franchised Restaurant and their travel, meal, and lodging accommodations. If Franchisor undertakes to operate the Franchised Restaurant pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the Franchised Restaurant.

15.6 **Non-waiver.** Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

15.7 **Cross Defaults.** Any default by Franchisee (or any person/company affiliated with Franchisee) under this Agreement may be regarded as a default under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee). Any default by Franchisee (or any person/company affiliated with Franchisee) under any other agreement, including, but not limited to, an area development agreement, any lease and/or sublease, between Franchisor (or any affiliate of Franchisor) and Franchisee (or any person/company affiliated with Franchisee), and any default

by Franchisee (or any person/company affiliated with Franchisee) under any obligation to Franchisor (or any affiliate of Franchisor) may be regarded as a default under this Agreement. Any default by Franchisee (or any person/company affiliated with Franchisee) under any lease, sublease, loan agreement, security interest or otherwise, whether with Franchisor, any affiliate of Franchisor and/or any third party may be regarded as a default under this Agreement and/or any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee). In each of the foregoing cases, Franchisor (and any affiliate of Franchisor) will have all remedies allowed at law, including termination of Franchisee's rights (and/or those of any person/company affiliated with Franchisee) and Franchisor's (and/or Franchisor's affiliates') obligations. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.

15.8 Amendment Pursuant to Applicable Law. Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit Franchisor's rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by Franchisor that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. Franchisor shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

16. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

16.1 Franchisee's Obligations. Upon termination of this Agreement, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

16.1.1 Cease immediately all operations under this Agreement;

16.1.2 Pay Franchisor immediately all unpaid fees and pay Franchisor, Franchisor's affiliates, Franchisor's approved and designated suppliers and vendors, all other monies owed;

16.1.3 Discontinue immediately the use of the Marks;

16.1.4 Immediately cease using and return the Confidential Operations Manual, any POS database or other Proprietary Software, customer lists, all other Proprietary Materials, and Confidential Information Franchisor loaned to Franchisee and immediately and permanently cease use of such information and materials;

16.1.5 Immediately cease using all telephone numbers and listings used in connection with the operation of the Franchised Restaurant and direct the telephone company to transfer all such numbers and listings to Franchisor or Franchisor's designee pursuant to the Internet Advertising, Social Media and Telephone Account Agreement attached hereto as Attachment 4 or, if Franchisor directs, to disconnect the numbers;

16.1.6 Immediately vacate the Franchised Restaurant premises if Franchisor exercised Franchisor's rights pursuant to the Collateral Assignment of Lease attached as Attachment 3;

16.1.7 Promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Marks as Franchisor directs and all items which are a part of the trade dress of the System;

16.1.8 Cease to hold itself out as Franchisor's franchisee;

16.1.9 Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Mark Franchisor licensed to Franchisee and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) calendar days after the termination, expiration or transfer of this Agreement;

16.1.10 Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within six (6) months of the effective date of termination, expiration, or transfer;

16.1.11 Comply with the post-termination covenants set forth in Section 17 hereof, all of which shall survive the transfer, termination or expiration of this Agreement;

16.1.12 Cease to use in advertising or in any other manner, any methods, procedures or techniques associated with Franchisor or the System; and

16.1.13 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16.

16.2 **Power of Attorney.** Franchisee hereby irrevocably appoints Franchisor as Franchisee's attorney-in-fact to execute in Franchisee's name and on Franchisee's behalf all documents necessary to discontinue Franchisee's use of the Marks and the Confidential Information. Franchisee also irrevocably appoints Franchisor as Franchisee's attorney-in-fact to carry out all actions and functions as in necessary to facilitate the Franchisor's Step-In Rights as set forth in Section 15.5 of this Agreement, including credit card processing, online ordering and other operational activities.

16.3 **Option to Purchase Personal Property.**

16.3.1 Franchisor's Option. Upon the termination or expiration of this Agreement, Franchisor, or Franchisor's designee shall also have the option, but not the obligation, to purchase any personal property used in connection with operation of Franchisee's Franchised Restaurant by providing Franchisee written notice of Franchisor's election within sixty (60) calendar days after such termination or expiration and paying Franchisee the market value for such personal property within sixty (60) calendar days of such notice. Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises its option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Restaurant, or Franchisor may require that Franchisee close the Franchised Restaurant during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Franchised Restaurant. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens

and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

16.3.2 **Exclusions.** Franchisor may exclude from the personal property purchased hereunder; cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Restaurant's operation or that Franchisor has not approved as meeting standards for the Franchised Restaurant.

16.3.3 For any personal property to purchased by Franchisor pursuant to this Section 16.3, Franchisor shall have the right to deduct from the purchase price for such personal property any amounts that Franchisee owed to Franchisor as of the date of closing.

16.4 **Liquidated Damages.** Upon termination of this Agreement by Franchisor for any of the reasons specified in Section 15, Franchisee agrees to pay to Franchisor within fifteen (15) days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to Five Thousand Dollars (\$5,000) per year for each year remaining under the term of this Agreement.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from Continuing Services and Royalty Fees due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Continuing Services and Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers Franchisor's damages from the loss of cash flow from the Continuing Services and Royalty Fees. It does not cover any other damages, including damages to Franchisor's reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Continuing Services and Royalty Fee section. Franchisee and each of its owners agree that the liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Continuing Services and Royalty Fee section.

16.5 **Damages, Costs, and Expenses.** In addition to those damages defined in Section 16.4, in the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all other damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default. This obligation, as well as that listed in Section 16.4, shall give rise to and remain, until said damages therein described are paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Restaurant.

17. **COVENANTS**

17.1 **During the Term of This Agreement.** During the term of this Agreement, neither Franchisee, its officers, directors, principals, nor any member of the immediate family (i.e., spouse, domestic partner or dependent) of Franchisee or its officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.1.1 Own, maintain, engage in, lend money to, extend credit to, have a substantial interest in (substantial interest shall be defined as having an owning more than twenty-five percent (25%)

of the outstanding shares of a corporation or more than twenty-five percent (25%) ownership interest in a partnership or other entity), or be employed as an officer, director, executive, or principal of any other business engaging, in whole or in part, in dispensing, promoting or selling pizza products as a principal food item (i.e., at least twenty percent (20%) of gross revenues during any calendar quarter) or otherwise engaged in the business of offering franchises for, licensing of, or operating pizza restaurants or offering food products substantially similar to those offered in EXTREME PIZZA restaurants, provided, however, that this Section does not apply to Franchisee's operation of any other Franchised Restaurant;

17.1.2 Divert or attempt to divert any business or customer of the Franchised Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

17.2 After the Term of This Agreement. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its officers, directors, principals, nor any member of the immediate family (i.e., spouse, domestic partner or dependent) of Franchisee or its officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.2.2 Own, maintain, engage in, lend money to, extend credit to, have a substantial interest in (substantial interest shall be defined as having an owning more than twenty-five percent (25%) of the outstanding shares of a corporation or more than twenty-five percent (25%) ownership interest in a partnership or other entity), or be employed as an officer, director, executive, or principal of any other business engaging, in whole or in part, in dispensing, promoting or selling pizza products as a principal food item (i.e., at least twenty percent (20%) of gross revenues during any calendar quarter) or otherwise engaged in the business of offering franchises for, licensing of, or operating pizza restaurants or offering food products substantially similar to those offered in EXTREME PIZZA restaurants, within the following geographical areas as of the date of expiration, transfer or termination of this Agreement:

17.2.2.1 at the Franchised Restaurant Premises;

17.2.2.2 within a radius of twenty (20) miles of the perimeter of (i) the Designated Area being granted hereunder, (ii) any other Designated Area licensed by Franchisor, or (iii) any Designated Area where a System franchise is otherwise operating or under development, including Franchisor or Affiliate-owned franchises.

17.2.3 Solicit business from customers of Franchisee's former Franchised Restaurant for a competitive business practice if Franchisee's new business venture is in the business of dispensing, promoting or selling pizza products as a principal food item (i.e., at least twenty percent (20%) of gross revenues during any calendar quarter) or otherwise engaged in the business of offering franchises for, licensing of, or operating pizza restaurants or offering food products substantially similar to those offered in EXTREME PIZZA restaurants, within the geographical areas described in Section 17.2.1 as of the date of expiration, transfer or termination of this Agreement;

17.2.4 Contact any of Franchisor's suppliers or vendors for any competitive business purpose if Franchisee's new business venture is in the business of dispensing, promoting or selling pizza products as a principal food item (i.e., at least twenty percent (20%) of gross revenues during any calendar quarter) or otherwise engaged in the business of offering franchises for, licensing of, or operating pizza restaurants or offering food products substantially similar to those offered in EXTREME PIZZA restaurants, within the geographical areas described in Section 17.2.1 as of the date of expiration, transfer or termination of this Agreement, or

17.3 Intent and Enforcement. It is the parties' intent that the provisions of this Section 17 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 17 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or its principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee agrees that in the event of the actual or threatened breach of this Section 17, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 17 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 17 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation of this Section 17 shall be tolled during any default under this Section.

17.4 Employees. Franchisee shall ensure that Franchisee's principals, designated managers, employees, and members of their immediate families who have access to Franchisor's Confidential Information, execute a Confidentiality and Non-compete Agreement, in the form attached as Attachment 5 to the Franchise Agreement, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Franchisee must furnish Franchisor a copy of each executed agreement.

17.5 No Defense. Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorney's fees) which Franchisor incurs in connection with the enforcement of this Section 17.

18. DISPUTE RESOLUTION

18.1 Choice of Law Generally. This Agreement shall be governed by the laws of the State of California. Notwithstanding, Section 17 of this Franchise Agreement, as it relates to post-term non-competition obligations, shall be construed pursuant to the law of the state where the Franchised Restaurant is located.

18.2 Internal Dispute Resolution. Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's President and/or Chief Executive Officer, after providing notice as set forth in Section 18.6 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

18.3 Mediation. At Franchisor's option, all claims or disputes between Franchisor and Franchisee or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Franchisee or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 18.2 above, must be submitted first to mediation, in San Francisco, California under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim

or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and Franchisor and Franchisee shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.

18.4 Selection of Venue. Nothing contained in this Agreement shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in San Francisco, California, and the jurisdiction and venue of the United States District Court presiding over San Francisco, California. Franchisee acknowledges that this Agreement has been entered into in the State of California, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in San Francisco, California including, but not limited to, training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of California set forth above. Nothing in this Section should be construed to negate override the parties' choice of law as designated in Section 18.1, where applicable.

18.5 Third Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section 18, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.

18.6 Prior Notice of Claims. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

18.7 No Right to Offset. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

18.8 Injunctive Relief. Nothing in this Agreement shall prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

18.9 Limitation of Action. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

18.9.1 **Franchisee's Waiver of Remedy.** Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

18.10 **Waiver of Punitive Damages.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

18.11 **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

19. **REPRESENTATIONS**

Designated Principal. The Principal designated on Attachment 8 has full authority to communicate to Franchisor decision-making on behalf of Franchisee, notwithstanding any deadlock or tie-breaking mechanism set forth in the Franchisee entity's organizational documents ("Designated Principal"). All communications to Franchisor by the Designated Principal shall be binding upon the Franchisee entity and all Principals and such communications may be relied upon by Franchisor, without the need for independent verification. Franchisee and all Principals shall indemnify and hold harmless Franchisor from any claims arising from Franchisor's reliance on communications of the Designated Principal.

20. **GUARANTY OF PRINCIPALS AND THEIR SPOUSES**

If any Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 2.

21. **NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by facsimile or email (provided that the sender confirms the facsimile by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the following addresses set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party.

22. MISCELLANEOUS

22.1 Entire Agreement. This Agreement contains the entire Agreement of the parties. There are no representations either oral or written, except those contained in this Agreement. Nothing in this Agreement or its related agreements is intended to disclaim any representation made in the Franchise Disclosure Document provided herewith. This written Agreement includes all representations between the parties. This Agreement may not be modified except by a written document signed by both parties.

22.2 Construction of Language. The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee's "immediate family" means Franchisee's spouse, parents, children and siblings and Franchisee's spouse's parents, children and siblings. Reference to Franchisee's "principals" means Franchisee's partners, officers, directors, shareholders, members and managers, as applicable. References to "Franchisor" and "Franchisee" include the party's successors, assigns or transferees.

22.3 Severability. If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates or protection of the Marks or the Confidential Information, including the Confidential Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor's option may terminate this Agreement immediately upon written notice to Franchisee.

22.4 State Law Applies. If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which the Franchised Restaurant is located, then the valid law or regulation of that state applicable to the franchise shall supersede any provision of this Agreement that is less favorable to Franchisee.

22.5 Additional Documentation. Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Franchisor reasonably may require in order to effectuate the transactions contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact to execute any and all documents on Franchisee's behalf, reasonably necessary to effectuate the transactions contemplated herein.

22.6 Force Majeure. Neither Franchisee, Franchisor, or Franchisor's affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

22.7 Anti-Terrorist Activities. Franchisee certifies that neither Franchisee, nor Franchisee's owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. (The Annex is available at <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>.) Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's owners, principals, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 13.2 of this Agreement pertain to Franchisee's obligations under this Section 22.7. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 15.1.19 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

22.8 Attorneys' Fees. If Franchisee is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

The parties hereto have executed this Franchise Agreement on the day and year first above written.

FRANCHISOR:

OOC, INC. D/B/A EXTREME PIZZA

By: _____

(Print Name, Title)

FRANCHISEE:

By: _____

(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

ATTACHMENT 1

SITE SELECTION ADDENDUM

OOC, INC. D/B/A EXTREME PIZZA (“Franchisor”) and _____ (“Franchisee”), have this day of _____ entered into a Franchise Agreement for the operation of a Franchised Restaurant using Franchisor’s Marks and System (the “Franchised Restaurant”) and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

1. Within ninety (90) days after Franchisee receives notice of approval of the Franchise Agreement, Franchisee shall obtain a site, at Franchisee’s expense, for the business franchised under the Franchise Agreement (the “Franchised Restaurant”), which site Franchisor shall approve as hereinafter provided. The site shall be within the following territory: _____ (The “Site Selection Territory”).

2. Franchisee’s failure to obtain a site for the Franchised Restaurant within the time required in Paragraph 1 shall constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

3. Prior to Franchisee’s acquisition by lease or purchase of a site for the Franchised Restaurant, Franchisee shall submit to Franchisor, in the form Franchisor specifies, a completed site review form, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee’s favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 3, to Franchisor for Franchisor’s approval within thirty (30) days after execution of this Site Selection Addendum. Franchisor shall have thirty (30) days after receipt of such information and materials from Franchisee to approve or disapprove, in Franchisor’s sole discretion, the site as a location for the Franchised Restaurant. No proposed site shall be deemed approved unless Franchisor has expressly approved it in writing.

4. Franchisor shall furnish to Franchisee such site selection guidelines, consultation and on-site evaluation as Franchisor deems advisable as part of Franchisor’s evaluation of Franchisee’s request for site approval. Franchisor shall not, however, provide on-site evaluation for any proposed site prior to Franchisor’s receipt of the information and materials required by Paragraph 3 hereof. If Franchisor deems on-site evaluation necessary and appropriate, Franchisor shall conduct up to one (1) on-site evaluation at Franchisor’s cost. For each additional on-site evaluation (if any), Franchisee shall reimburse Franchisor for Franchisor’s reasonable expenses including, without limitation, the costs of travel, lodging, and meals.

5. If Franchisee will be occupying the Franchised Restaurant premises under a lease, Franchisee shall, prior to the execution of the lease, submit the lease to Franchisor for Franchisor’s written approval. Franchisor’s approval of the lease will be conditioned upon Franchisee’s execution of a Collateral Assignment of Lease in the form Franchisor prescribes and the inclusion of the following terms and conditions:

- That the initial term of the lease, or the initial term together with renewal terms, shall be for not less than fifteen (15) years with the option to renew the lease for two (2) terms of five (5) years each;
- That the lessor consents to Franchisee’s use of such Marks and initial signage as Franchisor may prescribe for the Franchised Restaurant;

- That the use of the premises be restricted solely to the operation of the Franchised Restaurant;
- That Franchisee be prohibited from subleasing or assigning all or any part of Franchisee's occupancy rights or extending the term of or renewing the lease without Franchisor's prior written consent;
- That the lessor provides to Franchisor copies of any and all notices of default given to Franchisee under the lease;
- That Franchisor has the right to enter the premises to make modifications necessary to protect the Marks or the System or to cure any default under the Franchise Agreement or under the lease; and
- That Franchisor (or Franchisor's designee) has the option, upon default, expiration, or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of Franchisee's right under the lease terms, including the right to assign or sublease.

6. Franchisee shall furnish Franchisor a copy of any executed lease within ten (10) days after execution thereof.

7. After Franchisor has approved a site for the Franchised Restaurant in writing and Franchisee has acquired the site pursuant to Paragraph 4 hereof, the site shall constitute the Approved Location referred to in Section 1.2 of the Franchise Agreement.

8. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty or any kind, express or implied, as to the suitability of the site for the Franchised Restaurant or for any other purpose. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for Franchisor's purposes as of the time of the evaluation. Both parties to this Agreement acknowledge the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change thereby altering the potential of a site. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that Franchisee's acceptance of a franchise for the operation of the Franchised Restaurant at the site is based on Franchisee's own independent investigation of the suitability of the site.

9. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Site Selection Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

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

OOC, INC. D/B/A EXTREME PIZZA

By: _____
Name: Todd Parent
Title: CEO

FRANCHISEE:

By: _____
Name: _____
Title: _____

ATTACHMENT 2
SPOUSAL GUARANTY

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on _____ to OOC, Inc. a California Corporation (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the “Franchise Agreement”) with _____, a(n) _____ and _____ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty is in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Section 17 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor’s rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

Print Name: _____

ATTACHMENT 3

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") hereby assigns and transfers to OOC, Inc. d/b/a Extreme Pizza, a California corporation with its principal place of business address at 1062 Folsom Street, San Francisco, CA 94103 ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Attachment 3 (the "Lease") respecting premises commonly known as _____ . This Assignment is for collateral purposes only and except as specified herein, Assignee has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Franchised Restaurant between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement or this Agreement, Assignee has the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor will have no further right, title or interest in the Lease. Assignor hereby authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

Dated: _____

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the afore described Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee has the right, but must not be obligated, to cure any default by Assignor under the Lease within thirty (30) days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor must recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period the defaults, if any, of Assignor under the Lease; and

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who must agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise.

DATED: _____

LESSOR:

ATTACHMENT 4

INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT (the “Agreement”) is made and entered into this day of _____ (the “Effective Date”) by and between OOC, Inc., a California Corporation (the “Franchisor”), and _____, a _____ (the “Franchisee”).

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for an Extreme Pizza business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to the Extreme Pizza brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. Internet Advertising and Telephone Accounts

2.1 Interest in Websites, Social Media Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee’s interest in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic

Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee’s interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee’s interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California, without regard to the application of California conflict of law rules.

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The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

OOC, INC. D/B/A EXTREME PIZZA

By: _____

(Print Name, Title)

FRANCHISEE:

By: _____

(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

ATTACHMENT 5

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

*(for employees, shareholders, officers, directors,
general partners, members and management personnel of Franchisee)*

In consideration of my being a _____ of _____ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that: _____, doing business as _____ (the "Franchisee"), has acquired the right and franchise from OOC, INC. D/B/A EXTREME PIZZA (the "Franchisor") to establish and operate a Franchised Restaurant offering a unique system of operation for sale of goods and services, including pizza products and Franchisor's proprietary Menu Items, Trade Secret Food Products, and Trademarked Product Lines under Franchisor's proprietary marks including "Extreme Pizza®" (the "Franchised Restaurant" or "Franchised Restaurant") and the right to use in the operation of the Franchised Restaurant the Franchisor's trade names, trademarks and service marks (the "Proprietary Marks") and the Franchisor's unique and distinctive format and system relating to the establishment and operation of Franchised Restaurants (the "System"), as they may be changed, improved and further developed from time to time in the Franchisor's sole discretion, only at the following authorized and approved location: _____ the "Franchised Restaurant Premises").

1. The Franchisor possesses which Franchisor considers a trade secret and confidential information. Any and all information, knowledge and know-how, including, without limitation, the Confidential Operations Manual, drawings, materials, equipment, techniques, restaurant systems, product formulae, trade secret information, ideas, concepts, methods, recipes, ingredients, Approved Supplier and Approved Supplies Lists, the composition of Trade Secret Food Products and Menu Items, and any information regarding the Trademarked Product Line(s) prior to its respective release shall be deemed confidential for purposes of this Agreement (the "Confidential Information").

2. Any and all information, knowledge, know-how, and techniques which the Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

3. As _____ of the Franchisee, the Franchisor and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the OOC, Inc. d/b/a Extreme Pizza Confidential Operations Manual (the "Manual") and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Restaurant during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Franchisor as confidential. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. Except as otherwise approved in writing by the Franchisor, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability Franchisor, own, maintain, engage in, be employed by, or have any interest in any other business which operates or licenses any other Franchised Restaurants, which offer pizza as a principal food or menu item (i.e., twenty percent (20%) of gross revenue earned from sale thereof in any calendar quarter), or in any other business which operates or licenses to operate any business that offers similar goods and service as Franchised Restaurant operating under the System and Proprietary Marks.

7. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Franchisor, any claim I have against the Franchisee or the Franchisor is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

10. This Agreement shall be construed under the laws of the State of California, except for those provisions regarding post-termination covenants not to compete which will be the law of the state where the Franchised Restaurant is located. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature: _____
Name: _____
Address: _____
Title: _____

ACKNOWLEDGED BY FRANCHISEE

By: _____
Name: _____
Title: _____

ATTACHMENT 6

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name : _____

ABA# : _____

Acct. No. : _____

Acct. Name : _____

Effective as of the date of the signature below, [Franchisee Name] hereby authorizes OOC, Inc. d/b/a Extreme Pizza (“Company”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Company under the Franchise Agreement for the franchise located at _____: (1) all Royalty Fees; and (2) all contributions to the National Fund or Regional Fund. Such withdrawals shall occur on a monthly basis, or on such other schedule as Company shall specify in writing. Company is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization shall remain in full force and effect until terminated in writing by Company. [Franchisee Name] shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISEE

By: _____

Print name: _____

ATTACHMENT 7

PROVISIONS APPLICABLE TO SBA FINANCING

For the purpose of Franchisee's application for funding from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (the "SBA"), and at all times that the SBA has an interest in any SBA-assisted financing provided to Franchisee, Franchisor and Franchisee agree as follows:

1. With respect to a partial interest in the Franchised Business, Franchisor may exercise its option to purchase or its right of first refusal only if the proposed transferee is not a current owner or family member of a current owner of Franchisee.

2. If Franchisor's consent is required for any transfer (full or partial) of the Franchised Business, Franchisor will not unreasonably withhold such consent.

3. If Franchisee owns the real estate where the Franchised Business operates, Franchisee will not be required to sell the real estate upon default or termination of the Franchise Agreement, but Franchisee may be required to lease the real estate for the remainder of the Term (excluding additional renewals) for fair market value.

4. If Franchisee owns the real estate where the Franchised Business operates, Franchisor has not and will not during the Term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental indemnification, control or use restrictions. If any such restrictions are currently recorded against Franchisee's real estate, they must be removed in order for Franchisee to obtain SBA financial assistance.

5. If Franchisee owns the real estate where the Franchised Business operates, the right of Franchisor to assume Franchisee's lease has not and will not during the Term of the Franchise Agreement be recorded against the real estate and may not include any attornment language unless it is subordinated to any SBA financial assistance.

6. For other than regularly scheduled payments and payments otherwise authorized in the Franchise Agreement, Franchisor does not have the authority to unilaterally share, commingle, or withdraw funds from Franchisee's bank account.

7. The Franchise Agreement does not prevent Franchisee from having meaningful oversight over the operations of the Franchised Business. Meaningful oversight includes the authority to:

- i. Approve the annual budget of the Franchised Business;
- ii. Have control over the bank accounts of the Franchised Business; AND
- iii. Have oversight over the employees operating the Franchised Business (who must be employees of Franchisee).

Franchisee agrees that the Franchise Agreement does not prevent Franchisee from having meaningful oversight over the operations of the Franchised Business by requiring Franchisee to comply with quality, marketing, and operations standards that govern Franchisee's use of Franchisor's System.

ATTACHMENT 8
STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE ENTITY

Name

Percentage of Ownership

Pursuant to Section 9 of the Franchise Agreement, the Designated Principal is:

_____.

EXHIBIT E TO THE DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

OOC, INC. D/B/A EXTREME PIZZA
AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER

DATE OF AGREEMENT

TABLE OF CONTENTS

1	GRANT	3
2	AREA DEVELOPMENT FEES	5
3	MANDATORY DEVELOPMENT SCHEDULE	6
4	DUTIES OF FRANCHISOR	8
5	DUTIES OF THE AREA DEVELOPER	9
6	USE OF SYSTEM AND MARKS	10
7	RELATIONSHIP OF THE PARTIES	11
8	INDEMNIFICATION	11
9	INSURANCE	12
10	DEFAULT AND TERMINATION	12
11	TRANSFERABILITY	16
12	RIGHTS AND OBLIGATIONS OF THE PARTIES UPON TERMINATION.....	19
13	RESTRICTIVE COVENANTS AND CONFIDENTIALITY	21
14	CHANGES AND MODIFICATIONS.....	24
15	NOTICES	24
16	CHOICE OF LAW AND DISPUTE RESOLUTION	24
17	CONSTRUCTION.....	26
18	ANTI-TERRORISM PROVISION AND ACKNOWLEDGEMENTS	27
19	GUARANTY OF PRINCIPALS AND THEIR SPOUSES	28

LIST OF ATTACHMENTS:

ATTACHMENT 1: SINGLE UNIT FRANCHISE AGREEMENT
ATTACHMENT 2: PERSONAL GUARANTY

OOO, INC. D/B/A EXTREME PIZZA

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement ("this Agreement") made this ____ day of _____, 20____, by and between OOO, Inc., a California corporation, having its principal address at 1062 Folsom Street, San Francisco, CA 94103 ("Franchisor") and _____, a _____, having its principal address at _____ ("Area Developer").

BACKGROUND

A. Through the expenditure of time, skill, effort and money, Franchisor has developed a system for the operation of restaurant facilities that: (i) provide on-premises dining as well as carry-out and/or delivery services, featuring gourmet pizza products, other entrees, salads, desserts and other food and beverage products, all prepared in accordance with specified recipes and procedures ("Menu Items"); (ii) has developed and continues to further develop a proprietary line of food products as part of the Menu Items including special sauces and marinades, special dessert recipes and special spice mixes ("Trade Secret Food Products"); and (iii) may develop and offer and sell to Franchisee for retail sale to its customers an assortment of private-labeled apparel and related products and merchandise bearing the EXTREME PIZZA trademark and logo ("Trademarked Product Lines"), all of which may be changed by Franchisor from time to time (the "Franchised Restaurant").

B. Franchisor has developed a unique system in connection with the establishment and operation of an Extreme Pizza restaurant, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior layout, design and color scheme; exclusively designed signage, decorations, furnishings and materials; special recipes, formulae, menus and food and beverage designations; Trade Secret Food Products; the EXTREME PIZZA Confidential Operations Manual; the EXTREME PIZZA Proprietary Software Program; EXTREME PIZZA Trademarked Product Lines; food and beverage storage, preparation and service procedures and techniques; operating procedures for sanitation and maintenance; and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion and advertising; all of which may be changed, improved and further developed by Franchisor from time to time (the "System").

C. The System is identified by its proprietary trademarks, service marks, trade dress and other indicia of origin including, without limitation, the trade name and service mark "EXTREME PIZZA" and the design mark "EXTREME PIZZA" (collectively, the "Marks"). The rights to all such Marks as are now, or shall hereafter be, designated as part of the System shall be owned exclusively by Franchisor or its affiliates and be used for the benefit of Franchisor, its affiliates and Franchisor's franchisees to identify to the public the source of the products and services marketed thereunder. Franchisor continues to develop, expand, use, control, and add to the Marks and System for the benefit and exclusive use of itself and its franchisees in order to identify for the public the source of products and services marketed thereunder and to represent the System's high standards of quality and service.

D. Franchisor offers franchises to qualified individuals for the right to operate a single Franchised Restaurant using the System and Marks.

E. Area Developer desires to obtain the exclusive right to develop the designated territory granted hereunder (the “Development Area”) by opening Area Developer-owned Franchised Restaurants pursuant to the Mandatory Development Schedule set forth herein (the “Area Development Business”).

F. Area Developer understands and acknowledges the importance of Franchisor’s uniformly high standards of quality and service and the necessity of insuring that each Franchised Restaurant in the Development Area is operated in strict conformity with Franchisor’s quality control standards and specifications.

AGREEMENT

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other set forth in this Agreement hereby agree as follows:

1 GRANT.

1.1 Grant. Franchisor hereby grants to Area Developer for a term of _____ (____) years (“Term”), pursuant to the terms and conditions of this Agreement, the option to establish and operate Franchised Restaurants (as provided below) within the Development Area described in Section 1.2 below. Each Franchised Restaurant shall operate according to the terms of an individual Franchise Agreement (“Franchise Agreement”), a copy of which is attached hereto as Attachment 1. Area Developer understands that Franchisor may, in its sole discretion, modify the terms of the Franchise Agreement from time to time.

1.1.1 Exceptions. The foregoing grant to the Area Developer does not include: (i) any right to offer any product via e-commerce; (ii) any right to establish an independent website or to establish a uniform resource locator (“URL”) incorporating the Marks or any variation thereof; (iii) any right to sell Trademarked Product Lines, Menu Items, or Trade Secret Food products via wholesale; or (iv) any right to otherwise distribute, market, or implement Franchisor’s products and services in any channel of distribution not specifically defined in this Agreement.

1.2 Development Area. Franchisor hereby grants to the Area Developer the exclusive rights and license to own and operate Franchised Restaurants within the Development Area defined below:

1.3 Terms and Right to Additional Development in Development Area. Unless sooner terminated in accordance with the terms of this Agreement for failure to exercise option in accordance with the Mandatory Development Schedule or as otherwise provided in this Agreement, the terms of this Agreement and all rights granted to Area Developer hereunder shall expire on the last date Area Developer is permitted to exercise an option to develop the last Franchised Restaurant pursuant to the Development Schedule. Should Area Developer desire to establish and operate within the Development Area any Franchised Restaurants set forth in the Mandatory Development Schedule, Area Developer shall make application for such to Franchisor, which application may be denied by Franchisor in its sole discretion. Area Developer may be granted such additional option(s) for additional Franchised Restaurants and Area Developer shall pay the sum of Fifteen Thousand Dollars (\$15,000) as an initial franchise fee for each of the Franchised Restaurants subject to these additional options and also execute the then-current Franchised Agreement for each additional Franchised Restaurant. For clarification, the right granted in this Section

shall not be construed to allow an extension of this Agreement, but shall apply only with respect to additional restaurants which may be opened during the term of this Agreement at the time such additional options are granted.

1.4 Additional Development Areas. This Agreement does not grant Area Developer any right to any additional development areas. However, if Area Developer does wish to purchase additional development areas, it must meet at least the following conditions:

1.4.1 Area Developer must be in compliance with all the terms and conditions of this Agreement, any Franchise Agreements, or other agreements with Franchisor or Franchisor's affiliates at the time of requesting any additional Development Areas;

1.4.2 Area Developer must have substantially complied with the terms of this Agreement, any Franchise Agreements, and any other agreements between Area Developer and Franchisor, Franchisor's affiliates, and Franchisor's designated suppliers throughout their respective terms;

1.4.3 Area Developer must satisfy all monetary obligations owed to the Franchisor, its affiliates, and designated and approved suppliers;

1.4.4 There must be a minimum of _____ () Franchised Restaurants open and operating in the original Development Area and Area Developer must have met or exceeded the requirements of the of the Mandatory Development Schedule set forth in 3.1;

1.4.5 The additional development area must be contiguous to Area Developer's existing Development Area, unless approved in writing by Franchisor;

1.4.6 The Area Developer must agree to execute Franchisor's then-current form of Area Development Agreement for the additional development area, and pay the applicable Area Development Fee, and Area Developer must agree to execute Franchisor's then-current Franchise Agreement for each Franchised Restaurant located within the additional development area; and

1.4.7 The Area Developer must demonstrate that it meets Franchisor's then-current standards of financial, entrepreneurial, and managerial capability required to develop additional Development Areas.

In any event, Franchisor may withhold or condition its consent to granting any additional development areas, as Franchisor deems appropriate.

1.5 Reservation of Rights. Area Developer expressly understands and agrees that Franchisor and Franchisor's affiliates shall have the right, in Franchisor's sole discretion, to: (i) own and operate Franchise Restaurants at any location(s) outside of Area Developer's Development Area under the Marks, or to license others the right to own and operate Extreme Pizza restaurants at any location(s) outside of Area Developer's Development Area under the Marks and System; (ii) the right to own and operate restaurants under different marks at any location(s) inside or outside of Area Developer's Development Area, or license to others the right to own and operate restaurants under different marks at any location(s) inside or outside of Area Developer's Development Area; (iii) use the Marks and System in connection with the sales of Franchisor's services and products, promotional and marketing efforts, or related items, or in alternative channels of distribution, including the sale of any Menu Items, Trade Secret Food Products and/or Trademarked Product Lines in wholesale and retail stores, via the Internet, and through mail order catalog, without regard to location; (iv) the exclusive right to operate and license others the right to own

and operate Franchised Restaurants under the Marks and System in non-traditional sites such as hotels, interior rental space in shopping malls, college campuses, military installations, casinos, sports and entertainment venues, regardless of location; and (v) use the Marks and System, and license others to use the Marks and System to engage in any other activities not expressly prohibited in this Agreement.

1.6 Other Channels of Distribution. Area Developer acknowledges and agrees that certain of Franchisor's or its affiliates' products and services, whether now existing or developed in the future, may be distributed in Area Developer's Development Area by Franchisor, its affiliates, or any other parties whom Franchisor designates in such manner, and through such channels of distribution, as Franchisor, in its sole discretion, shall determine. Such alternate channels of distribution shall include, but are not limited to, the sale of Trademarked Product Line, Trade Secret Food Products, Menu Items, or other pizza, foods and pizzeria-type services under the Marks via the Internet, mail order catalog, through wholesale and retail stores, and direct marketing via television and radio. Area Developer understands that this Agreement grants Area Developer no rights: (i) to distribute such products or services as described in this Section 1.6; or (ii) to share in any of the proceeds received by any such party therefrom.

1.7 No Franchise Rights. This Agreement is not a Franchise Agreement for the license to operate a Franchised Restaurant under the System, and Area Developer shall have no right to use Franchisor's System and Marks in any manner by virtue of this Agreement, other than as necessary to develop the Development Area.

1.7.1 Caveat. Notwithstanding Section 1.6 above, the Area Developer may own and operate individual Franchised Restaurants under the System within the Development Area upon the execution of Franchisor's then-current form of Franchise Agreement, and payment of the remaining portion of the initial franchise fee for each Franchise Restaurant to be opened in the Development Area, as set forth more fully in Section 2.

2 AREA DEVELOPMENT FEES.

2.1 Initial Franchise Fees. As consideration for the rights and options granted herein, Area Developer shall pay to Franchisor one-time initial franchise fees for Franchised Restaurants required to be developed under this Agreement, as follows:

2.1.1 First EXTREME PIZZA Franchised Restaurant..... \$40,000

2.1.2 Second EXTREME PIZZA Franchised Restaurant.....\$30,000

2.1.3 Third and each additional EXTREME PIZZA Franchised
Restaurant.....\$20,000

2.2 Area Development Fee. Upon execution of this Agreement, Area Developer shall pay to Franchisor an area development fee (the "Area Development Fee") as follows: one hundred percent (100%) of the initial franchise fee for the first Franchised Restaurant to be developed hereunder, plus an amount equal to one-half (1/2) of the reduced initial franchise fee for each additional Franchised Restaurant to be developed in the Development Area. The Area Development Fee for this Agreement is _____ Dollars (\$ _____), is fully earned by Franchisor upon execution of this Agreement and is non-refundable. The Franchise Agreement for the first Franchised Restaurant shall be executed contemporaneously with the execution of this Agreement and a portion of the Area Development Fee shall be used to pay the initial franchise fee for such Franchised Restaurant in full.

For each additional Franchised Restaurant to be developed hereunder, a portion of the Area Development Fee shall be used to pay, in part, the initial franchise fee due for such Franchised Restaurant and the balance of the initial franchise fee, as specified in this Section, shall be due on the date such Franchise Agreement is executed.

2.3 Timing of Payment. Area Developer shall submit a separate application for each Franchised Restaurant to be established within the Development Area according to the time-frame required by Mandatory Development Schedule in Section 3, and a separate Franchise Agreement will be executed for each additional Franchised Restaurant. At the time the Franchise Agreement is executed, Area Developer acknowledges and agrees that payment representing the balance of the appropriate initial franchise fee, as enumerated in Section 2.2 hereof, is due and owing in accordance with the terms of the Franchise Agreement. Upon the execution of each Franchise Agreement, the terms and condition of such Franchise Agreement shall control the establishment and operation of each respective Franchised Restaurant.

3 MANDATORY DEVELOPMENT SCHEDULE.

3.1 Schedule. Immediately following the execution of this Agreement, Area Developer will commence a franchise development program for the Development Area, and will cause to be open the following number of Franchised Restaurants within the Development Area, within the time period listed in the table below (“Mandatory Development Schedule”):

Time Period	Number of Franchised Restaurants to be Open During Period (“Development Period”)	Cumulative Number of Franchised Restaurants to be Open at End of Development Period
Open within 12 months of Date of Agreement	_____	_____
Open during the next 12 months	_____	_____
Open during the next 12 months	_____	_____
Open during the next 12 months	_____	_____
Open during the next 12 months	_____	_____

3.1.1 Extension of Schedule. Franchisor shall have the option, in its sole discretion, to grant Area Developer an extension of time to be added onto any one of the Development Periods detailed in the Mandatory Development Schedule. Area Developer must request such an extension in writing at least (60) days prior to the expiration of the given Development Period that Area Developer wishes to extend. Franchisor will then notify Area Developer of the approval or disapproval of said extension within thirty (30) days of Franchisor’s receipt of Area Developer’s written request, and also the time period that the Development Period is being extended. Unless Franchisor states otherwise, a granted extension does not push back, or otherwise affect, any of the other Development Period end dates and Area Developer’s obligations thereunder.

3.2 Approval of Sites by Franchisor. Area Developer shall be bound by the Mandatory Development Schedule. Time is of the essence. Each Franchised Restaurant shall be established and operated pursuant to a separate Franchise Agreement to be entered into by Area Developer and Franchisor pursuant to this Agreement. All sites must be approved by the Franchisor, whose approval will not be

unreasonably withheld. The Franchise Agreement shall be Franchisor's then-current form of Franchise Agreement. Area Developer agrees that the terms and conditions of the then-current form of Franchise Agreement may be materially different from the current form of Franchise Agreement, or a previously executed Franchise Agreement by Area Developer to operate a Franchised Restaurant.

3.3 Surplus Openings and Cure Period. The opening of any Franchised Restaurants in excess of the minimum number required in any twelve (12) month period beginning on the date of execution of this Agreement by Area Developer (a "Development Period") shall be credited to the subsequent time period. If Area Developer fails to meet the Mandatory Development Schedule, Area Developer shall have a sixty (60) day period to cure the default of the Mandatory Development Schedule. During that two (2) month cure period, liquidated damages will be imposed on Area Developer as set forth in Section 10.5.

3.4 Acknowledgement. Area Developer hereby acknowledges and agrees that the Mandatory Development Schedule contained herein is a fair and reasonable time frame for the development of Franchised Restaurants within the Development Area and is an accurate reflection of market demand without over-saturation of Franchisor's services and products offered under the System.

3.5 Termination. If Area Developer fails to comply with the Mandatory Development Schedule described in this Section 3, this Agreement shall be terminated at the end of the sixty (60) day cure period upon notice from Franchisor to Area Developer. Thereafter, Franchisor shall have the right to develop the Development Area itself, or through others by the sale of another Area Development Business in the Development Area, or otherwise at its sole discretion. Area Developer shall not be entitled to any refund of the Area Development Fee or any initial franchise fees paid for Franchised Restaurants in the Development Area, as such fees are deemed fully earned by Franchisor upon payment.

3.6 Cumulative Number to Remain Open. Area Developer shall cause to be opened a cumulative number of Franchised Restaurants in the Development Area within the time frame prescribed in the Mandatory Development Schedule. Area Developer agrees that it shall ensure the cumulative number of Franchised Restaurants prescribed each Development Period remain open and operating throughout the term of this Agreement. Failure of the prescribed cumulative number of Franchised Restaurants to be open and operating in the Development Area each Development Period or after completion of the Mandatory Development Schedule will be deemed a material default of this Agreement, and grounds for termination.

3.7 Manner of Exercising Development Rights.

3.7.1 Bound by Mandatory Development Schedule. Area Developer shall be bound by and strictly follow the Mandatory Development Schedule. Time is of the essence. By the dates set forth under the Mandatory Development Schedule, Area Developer shall exercise its rights granted herein by entering into Franchisor's then-current Franchise Agreement for each of the Franchised Restaurants described under the Mandatory Development Schedule. Upon the execution of each Franchise Agreement, the terms and conditions of such Franchise Agreement shall control the establishment and operation of such business.

3.7.2 Manner of Exercising Rights. Area Developer shall exercise its rights granted herein only as follows:

3.7.2.1 By giving Franchisor written notice of Area Developer's intention to exercise its rights at least thirty (30) days before the execution of a Franchise Agreement for the applicable Franchised Restaurant; and

3.7.2.2 By executing, prior to the expiration of the thirty (30) days, Franchisor's then current form of Franchise Agreement for the applicable Franchised Restaurant, and complying with its terms, including, without limitation, the payment of the balance of the applicable initial franchise fee.

3.7.3 Conditions to Exercising Rights. Area Developer's right to sign Franchise Agreements for additional Franchised Restaurants and open additional Franchised Restaurants under this Agreement and the Mandatory Development Schedule are conditioned upon Area Developer's achievement of the following requirements at the time of signing Franchise Agreements for additional Franchised Restaurants and opening those additional Franchise Restaurants:

3.7.3.1 Area Developer must be fully compliant with the terms of this Agreement and any other agreement between Area Developer and Franchisor, its affiliates, and its approved/designated suppliers and vendors at the time of notifying Franchisor of Area Developer's intent to sign a Franchise Agreement for an additional Franchised Restaurant;

3.7.3.2 Area Developer must have substantially complied with the provisions of all such agreements during their respective terms;

3.7.3.3 Area Developer must have met its performance requirements as set forth in Area Developer's existing Franchise Agreements;

3.7.3.4 Area Developer must have satisfied all monetary obligations Area Developer owes Franchisor, its affiliates, and/or its approved/designated suppliers and vendors; and

3.7.3.5 Neither this Agreement, nor any other agreement between Area Developer and Franchisor has expired or been terminated by Franchisor.

4 DUTIES OF FRANCHISOR.

4.1 Confidential Operations Manual. Franchisor will loan Area Developer one (1) copy of Franchisor's Confidential Operations Manual and any other manual Franchisor may now or hereafter designate for use in operating the Franchised Restaurant (collectively the "Confidential Operations Manual"), which may be provided electronically. Area Developer shall operate the Franchised Restaurant in strict compliance with the Confidential Operations Manual, as it may be reasonably changed from time to time. The Confidential Operations Manual shall remain confidential and Franchisor's exclusive property. Area Developer shall not disclose, duplicate or make any unauthorized use of any portion of the Confidential Operations Manual. The provisions of the Confidential Operations Manual constitute provisions of this Agreement as if fully set forth herein. Area Developer shall ensure that Area Developer's copy of the Confidential Operations Manual is current and up to date, and keep a copy of the Confidential Operations Manual at the premises of each Franchised Restaurant opened by Area Developer. If there is a dispute relating to the contents of the Confidential Operations Manual, the master copy, which Franchisor maintains at Franchisor's corporate headquarters, will control. The Confidential Operations Manual will be delivered within two (2) weeks after Area Developer commences with construction of Area Developer's first Franchised Restaurant.

4.2 Initial Training. Franchisor will provide an initial training program pursuant to Area Developer's first Franchise Agreement. Area Developer must complete the initial training program to Franchisor's satisfaction prior to beginning operations, and must schedule training within thirty (30) days of signing this Agreement. Training for additional employees or replacement employees shall be provided, subject to the availability of Franchisor's personnel, at Franchisor's then current fee for providing additional

training. Area Developer will be responsible for the additional costs associated with such training, including payroll, travel, and lodging expenses.

4.3 Additional Training. To assist Area Developer in the operation of multiple Franchised Restaurants, Franchisor may offer additional training programs and/or refresher courses for Area Developer, Area Developer's manager and/or Area Developer's employees. Franchisor may require Area Developer's attendance at these programs and/or courses. Area Developer is solely responsible for any expenses incurred by Area Developer and Area Developer's employees in attending such additional training, including transportation to and from the training site, lodging, meals, and salaries during such training. The additional training programs and refresher courses will be held at Franchisor's then-current tuition for such training.

5 DUTIES OF THE AREA DEVELOPER.

5.1 Mandatory Development Schedule. As previously stated, Area Developer must meet the Mandatory Development Schedule described in Section 3.

5.2 Prior Approval. Area Developer shall submit to Franchisor for prior approval of all sales, advertising, and other promotional materials, which relate to Franchised Restaurants within the Development Area. Franchise will notify Area Developer of its approval or disapproval of the proposed materials and programs pursuant to the terms of the applicable Franchise Agreement.

5.3 Seminar Attendance. Area Developer, or his appointed representative, must attend any Area Developer seminars or training session held by Franchisor. Area Developer shall be responsible for travel, meal, lodging, payroll, and other related expenses relating to such training sessions.

5.4 Working Capital. Area Developer must maintain such levels of working capital as necessary to operate its Area Development Business and each Franchised Restaurant to be owned or operated within the Development Area.

5.5 Franchise Agreements. Area Developer shall comply with all of the terms and conditions of each Franchise Agreement, including without limitation the operation requirements specified in each Franchise Agreement.

5.6 Confidentiality. In accordance with the terms of Section 13 of this Agreement, Area Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Area Developer by Franchisor and designated by Franchisor as confidential, and Area Developer shall disclose such information or materials only to such of its employees or agents who must have access to it in connection with their employment. In accordance with the terms of Section 13 of this Agreement, Area Developer shall not at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

5.7 Compliance with Applicable Laws. Area Developer shall be in strict compliance at all times with laws, and regulations dealing with health and safety issues and shall be in substantial compliance at all times with all other requirements of federal, state and local laws, rules and regulations.

5.8 Commingling Funds. Area Developer may not commingle its funds with funds of any other person for any reason, nor guaranty, directly or indirectly, the obligations of any other person, for any purpose other than to satisfy Area Developer's obligations under this Agreement.

6 USE OF SYSTEM AND MARKS.

6.1 Marks. Area Developer acknowledges that the mark “Extreme Pizza” and all other Marks licensed hereunder or subsequently developed are owned by Franchisor, and that only Franchisor and Franchisor's designated franchisees have the right to use such Marks and such other trade names, trademarks, service marks and copyrights as may presently exist or be acquired and licensed for use by Franchisor, along with ancillary signs, symbols or indicia used in connection or conjunction with said Marks. Area Developer further acknowledges that valuable goodwill is attached to such trade names, trademarks and service marks and that it will use such Marks only in the manner and to the extent specifically licensed by this Agreement.

6.2 Right to Market. Area Developer acknowledges, and will not contest, infringe or harm Franchisor's exclusive ownership and rights to each and every aspect of the System. Area Developer's right to market the System and establish and sell Franchised Restaurants is specifically limited to the Development Area, and is subject to the supervision and control of Franchisor as provided herein. Area Developer's rights will terminate upon the expiration or termination of the Agreement for any reason whatsoever.

6.3 Restrictions on Use. Area Developer acknowledges that the Marks constitute a significant aspect of the System and Area Developer agrees that such Marks will not be used as the name, or part of any name, of any corporation, partnership or any entity under which Area Developer or any franchisee within the Development Area transacts any business. Area Developer's use of the marks is subject to the control and approval of Franchisor in every other respect.

6.4 Confidential Operations Manual. Area Developer acknowledges and agrees that the Confidential Operations Manual is proprietary and a confidential trade secret owned by Franchisor, and will at all times treat the Confidential Operations Manual as such. Area Developer must take all reasonable steps to maintain such information as confidential, restrict and prohibit unauthorized access to the Confidential Operations Manual and prohibit any copying, duplication or recording of any information contained therein. Franchisor may from time-to-time update and revise the contents of the Confidential Operations Manual and distribute supplements thereto, and Area Developer expressly agrees to comply with each new or changed standard.

6.5 Pending Claims and Notice. If a claim is asserted by another of a prior use of the Marks with respect to a similar business within the Development Area, Franchisor will defend such claims, and/or modify or cause to be modified, the Marks in any manner as necessary. Area Developer must give written notice to Franchisor within five (5) days of acquiring such knowledge concerning use by others within the Development Area of the same or confusingly similar marks or the Marks.

6.6 Modification or Discontinuance. If Franchisor at any time in its sole discretion determines that it is advisable for Area Developer to modify or discontinue use of any Marks, and/or use one or more additional trade names, trademarks, service marks or other commercial symbols, Area Developer agrees to comply therewith within a reasonable time after notice thereof by Franchisor, at Area Developer's expense.

6.7 Injunctive Relief. Due to the special and unique nature of the Confidential Information of Franchisor, Area Developer and its owners, officers and directors and partners, if any, hereby, jointly and severally, agree and acknowledge that Franchisor shall be entitled to immediate equitable remedies, including but not limited to, restraining orders and injunctive relief in order to safeguard such information

of Franchisor and that money damages alone would be an insufficient remedy with which to compensate Franchisor for any continuing breach of the terms of this Section 6. Furthermore, Area Developer shall promptly obtain nondisclosure agreements and deliver copies of them to Franchisor from Area Developer's owners and employees and partners prior to their having access to the trade secrets, confidential and proprietary information of Franchisor and from all officers, directors, and partners, if any, upon commencement of their representation in such capacity with Area Developer, in the form acceptable to Franchisor, all of which agreements Area Developer agrees to enforce.

7 RELATIONSHIP OF THE PARTIES.

7.1 Independent Contractor. The appointment of Area Developer pursuant to this Agreement does not make Area Developer an agent, partner, joint venturer, legal representative or employee of Franchisor and the parties expressly agree that Area Developer is an independent contractor. Area Developer does not have the right to bind Franchisor, to transact any business or make any promises or representations on behalf of Franchisor, except as herein expressly provided. Area Developer will at all times represent himself only as an independent contractor who has been appointed and licensed as a Area Developer. Neither this Agreement nor the relationship between the parties hereto constitutes a partnership or a joint venture between Area Developer and Franchisor. It is understood, acknowledged and agreed by the parties hereto that they do not intend to create by this Area Development any type of subfranchise, Area Developer, or area representative agreement. If any state regulatory agency deems Area Developer to be a subfranchisee, Franchisor shall assume responsibility for all necessary franchise registration filings on behalf of Area Developer and shall assume all costs for such necessary filing with appropriate state agencies.

7.2 Franchise Agreement Governs. Subject to any provisions contained in this Agreement to the contrary, the relationship of Franchisor and Area Developer with respect to the ownership and operation by Area Developer of Franchised Restaurants within the Development Area, if applicable, will be governed by the individual Franchise Agreement(s) executed in connection therewith.

7.3 Franchisor's Actions. Franchisor will not violate Area Developer's status as an independent business entity and will provide only such supervision and training as is necessary and essential to protect the goodwill, reputation, trademarks, service marks, copyrights, trade secrets, confidential information and standards of quality of the System and as may be necessary to enable the Area Developer to operate Franchised Restaurants in the Development Area.

8 INDEMNIFICATION.

8.1 Generally. Area Developer shall defend at its own cost and indemnify and hold harmless Franchisor, its shareholders, directors, officers, employees and agents, from and against any and all loss, costs, expenses (including attorneys' fees), damages and liabilities, however caused, resulting directly or indirectly from or pertaining to the use, condition, or construction, equipping, decorating, maintenance or operation of its business, including, but not limited to, the sale of any food products, service or merchandise sold from the Franchised Restaurant. Such loss, Claims, costs, expenses, damages and liabilities shall include, without limitation, those arising from latent or other defects in the Franchised Restaurant, whether or not discoverable by Franchisor, and those arising from the death or injury to any person or arising from damage to the property of Franchisee or Franchisor, their agents or employees, or any third person, firm or corporation. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the

amount of insurance coverage available through Area Developer to Franchisor. Franchisor shall have the right to defend any such Claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Area Developer and each of Area Developer's principals' obligation to indemnify the Indemnities and to hold them harmless. Area Developer will be responsible for all loss or damage originating from or arising in connection with the operation of its headquarters and Franchised Restaurants, and for all claims or demands for damages to property or for injury, illness or death of persons, directly or indirectly, resulting from said operation, and agrees to indemnify and hold the Franchisor harmless against and from any such Claims, loss or damage. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

8.2 Franchisor agrees to indemnify, defend and hold Area Developer harmless against, and to reimburse it for all claims, obligations, liabilities and damages ("Claims") arising out of Area Developer's lawful use of the Marks pursuant to and in compliance with this Agreement wherein such use is held to constitute trademark infringement, breach or violation of any trademark, trade name, or service mark of any third party or for unfair competition or dilution, provided that Area Developer has timely notified Franchisor of such claim or proceedings, has otherwise complied with this Agreement and has tendered complete control of the defense of such to the Franchisor. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action. Franchisor shall have the right to defend any such claim in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. If Franchisor defends such claim, Franchisor shall have no obligation to indemnify or reimburse Area Developer with respect to any fees or disbursements of any attorney retained by Area Developer.

8.3 Survival. The terms of this Section shall survive any termination or expiration of the Franchise Agreement.

9 INSURANCE.

Area Developer must maintain insurance as required under Area Developer's individual Franchise Agreements for Franchised Restaurants to be open within the Development Area.

10 DEFAULT AND TERMINATION.

The rights, licenses and territorial exclusivity granted to the Area Developer under this Agreement have been granted in reliance on Area Developer's representations and assurances, among others, that the conditions and obligations set forth in Sections 3, 5 and 6 of this Agreement will be met and performed in a timely manner.

10.1 Automatic Termination. This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

10.1.1 Voluntary Bankruptcy. If Area Developer makes an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law and such petition is not dismissed within forty-five (45) days, or consents to or acquiesces in the appointment of a trustee or receiver for Area Developer, the Area Development Business, or any individual Franchised Restaurant Area Developer owns.

10.1.2 Involuntary Bankruptcy. If proceedings are commenced to have Area Developer adjudicated bankrupt or to seek Area Developer's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Area Developer or the Franchised Restaurant without Area Developer's consent, and the appointment is not vacated within sixty (60) days.

10.1.3 Unauthorized Transfer. Area Developer purports to sell, transfer or otherwise dispose its interest in the Area Development Business in violation of Section 11 hereof.

10.2 With Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement upon notice without providing Area Developer an opportunity to cure for any of the following breaches or defaults.

10.2.1 Criminal Acts. If Area Developer or Area Developer's principals are convicted of or plead guilty or no contest to a felony or take part in any criminal misconduct relevant to the operation of the Area Development Business or a Franchised Restaurant.

10.2.2 Fraud. If Area Developer or Area Developer's principals commit any fraud or misrepresentation in the operation of the Area Development Business or any individual Franchised Restaurant.

10.2.3 Misrepresentation. If Area Developer or Area Developer's principals make any misrepresentation or omission in connection with Area Developer's application, including but not limited to any financial misrepresentation.

10.2.4 Failure to Complete Training. If Area Developer fails to complete initial training as required under Area Developer's individual Franchise Agreements.

10.2.5 Repeated Breaches. If Franchisor sends Area Developer three (3) or more written notices within any given twelve (12) month period to cure any breach of this Agreement, any individual Franchise Agreements, or any other agreements Area Developer may enter into with Franchisor. This is grounds for termination regardless of whether these breaches are cured in the appropriate cure period.

10.2.6 Failure to Maintain Cumulative Number of Franchised Restaurants Open. If Area Developer fails to keep the cumulative number of Franchised Restaurants required under the Mandatory Development Schedule open and operating during the term of this Agreement.

10.2.7 Breach of Other Agreements. If Area Developer or Area Developer's principals materially breach any other agreement with Franchisor or any of Franchisor's affiliates, or major suppliers, or threaten any material breach of any such agreement and fails to cure such breach within any permitted period for cure.

10.2.8 Misuse of the Marks or Confidential Information. If Area Developer or Area Developer's principals materially violate any provision hereof pertaining to the Marks or Confidential Information or misuse of the Marks or Confidential Information.

10.2.9 Violation of In-term Restrictive Covenant. If Area Developer violates the in-term restrictive covenant contained in this Agreement or its individual Franchise Agreements.

10.2.10 Liens. If a levy of writ of attachment or execution or any other lien is placed against Area Developer or any of Area Developer's principals or any of their assets which is not released or bonded against within thirty (30) days.

10.2.11 Insolvency. If Area Developer or any of Area Developer's principals become insolvent.

10.2.12 Government Regulations. Area Developer fails, within fifteen (15) calendar days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the Area Development Business or a Franchised Restaurant.

10.2.13 Government Actions. Any government action is taken against Area Developer that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

10.2.14 Anti-Terrorist Activities. Area Developer fails to comply with the provisions of Section 18.

10.2.15 Confidentiality. If Area Developer, its principals, officers, directors, or other key employees violate the confidentiality covenants set forth in Section 13 of this Agreement.

10.3 Upon 10 Days' Notice to Cure. Franchisor has the right to terminate this Agreement if any of the following defaults remains uncured after expiration of the ten (10) day cure period, unless a shorter cure period is detailed below:

10.3.1 Nonpayment. If Area Developer fails to pay as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's major suppliers or vendors, and fails to cure this nonpayment breach within five (5) days of receipt of written notice from Franchisor.

10.3.2 Endorsement of Checks. Area Developer fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that is erroneously made to Area Developer.

10.3.3 Failure to Maintain Sufficient Working Capital. If Area Developer fails to maintain sufficient levels of working capital to adequately meet its obligations under the Mandatory Development Schedule and this Agreement.

10.3.4 Failure to Open. If Area Developer fails to commence operations of Area Developer's Franchised Restaurants within the time prescribed in Section 3 of this Agreement.

10.4 Upon 30 Days' Notice to Cure. With the exception of those defaults listed above, Franchisor has the right to terminate this Agreement if Area Developer fails to perform or comply with any one or more of the terms or conditions of this Agreement or any ancillary agreements between Area Developer and Franchisor or its affiliates, and such default is not cured within thirty (30) days of being notified of said default by Franchisor.

10.5 Failure to Meet Mandatory Development Schedule. Pursuant to Section 3.5 above, Franchisor has the right to terminate this Agreement if Area Developer fails to meet its development obligations as set forth in the Mandatory Development Schedule and fails to cure such default within sixty (60) days of receiving notice. Failure to invoke development rights as described in Section 3.7, and open a

Franchised Restaurant in accordance with Franchisor's requirements in the time detailed in the Mandatory Development Schedule, shall result in liquidated damages payable to Franchisor as part of its remedy for such breach at the rate of One Hundred Dollars (\$100) per day, for up to sixty (60) days after the required opening date. If such failure persists for longer than such sixty (60) day period, Franchisor shall have termination rights as provided herein. The running of the sixty (60) day grace period and penalty provided herein shall be tolled during and for the length of any failure attributable to force majeure.

10.6 Alternative Remedies. In lieu of terminating Area Developer's rights as permitted under this Section 10, Franchisor shall have the option, exercisable upon written notice to the Area Developer to:

10.6.1 Reduce the number of Franchised Restaurants, without any reduction of the Development Fee, which are subject to options granted to Area Developer pursuant to this Agreement; or

10.6.2 Terminate or reduce in any manner, in Franchisor's discretion, the territorial protection granted to Area Developer in Section 1.

10.7 Nonwaiver. Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Area Developer.

10.8 Cross Defaults. Any default by Area Developer (or any person/company affiliated with Area Developer) under this Agreement may be regarded as a default under any other agreement between Franchisor (or any affiliate of Franchisor) and Area Developer (or any affiliate of Area Developer). Any default by Area Developer (or any person/company affiliated with Area Developer) under any other agreement, including, but not limited to, a Franchise Agreement, any lease and/or sublease, between Franchisor (or any affiliate of Franchisor) and Area Developer (or any person/company affiliated with Area Developer), and any default by Area Developer (or any person/company affiliated with Area Developer) under any obligation to Franchisor (or any affiliate of Franchisor) may be regarded as a default under this Agreement. Any default by Area Developer (or any person/company affiliated with Area Developer) under any lease, sublease, loan agreement, security interest or otherwise, whether with Franchisor, any affiliate of Franchisor and/or any third party may be regarded as a default under this Agreement and/or any other agreement between Franchisor (or any affiliate of Franchisor) and Area Developer (or any affiliate of Area Developer). In each of the foregoing cases, Franchisor (and any affiliate of Franchisor) will have all remedies allowed at law, including termination of Area Developer's rights (and/or those of any person/company affiliated with Area Developer) and Franchisor's (and/or Franchisor's affiliates') obligations. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.

10.9 Amendment Pursuant to Applicable Law. Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit Franchisor's rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by Franchisor that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. Franchisor shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

11 TRANSFERABILITY.

11.1 Transfer. Area Developer's rights under this Agreement are personal, and Area Developer shall not sell, transfer, assign or encumber Area Developer's interest in the Area Development Business without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.

11.2 Ownership Changes. A sale, transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Area Developer is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Area Developer's voting stock or any increase in the number of outstanding shares of Area Developer's voting stock which results in a change of ownership, (ii) if Area Developer is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Area Developer is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, or member or manager owning more than ten percent (10%) of the outstanding shares of the corporation, will be required to personally guarantee Area Developer's obligations under this Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Franchisor's right of first refusal as set forth in Section 11.3 below.

11.3 Right of First Refusal. If Area Developer proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Area Development Business or any individual Franchised Restaurants, Area Developer shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party (other than a corporation or limited liability company as set forth in Section 11.5 hereof). Area Developer shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Area Developer, of the terms of the offer ("Letter of Intent"). Once Franchisor exercises its right of first refusal, it shall close the purchase transactions within one hundred and twenty (120) days from the date on the Letter of Intent. If Franchisor elects not to accept the offer within a thirty (30) day period, Area Developer shall have a period not to exceed ninety (90) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 11.4 hereof. If Area Developer has not completed the transfer within this ninety (90) day period, then Franchisor shall again have the right of first refusal. Area Developer shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section 11. Any material change in the terms of the offer, shall be deemed a new proposal subject to Franchisor's right of first refusal. So long as Area Developer has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal. Area Developer shall be considered in default hereunder for the failure of Area Developer or such other person to which Franchisor's right of first refusal applies to comply with the terms of this Section 11.3.

11.4 Conditions for Approval. Franchisor may condition its approval of any proposed sale or transfer of the Area Development Business or of Area Developer's interest in this Agreement upon satisfaction of the following occurrences:

11.4.1 All of Area Developer's accrued monetary obligations to Franchisor, its affiliates, and its designated/approved suppliers and vendors are satisfied;

11.4.2 Area Developer must cure all existing defaults under this Agreement, or any other agreement between Area Developer and Franchisor, its affiliates, and its designated/approved suppliers and vendors within the period permitted for cure and have substantially complied with such agreements during their respective terms;

11.4.3 Area Developer and Area Developer's principals (if Area Developer is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or its affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release shall not be inconsistent with any applicable state statute regulating franchising;

11.4.4 Area Developer or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Area Developer's obligations under this Agreement;

11.4.5 The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other restaurant business that offers pizza products as a principal food or menu item (at least twenty percent (20%) of gross revenue for any calendar quarter) or otherwise engaged in the business of offering franchises for, licensing of, or operating pizza restaurants or offering food products substantially similar to those offered in EXTREME PIZZA restaurants, or otherwise engaged in the business of offering franchises for, licensing of, or operating pizza restaurants or offering food products substantially similar to those offered in EXTREME PIZZA restaurants, except that the transferee may be an existing franchisee or area developer of Franchisor's;

11.4.6 The transferee shall execute Franchisor's then-current Area Development Agreement for a full term, with a duration to be determined by Franchisor and transferee, and also pay the then-current Area Development Fee for the number of Franchised Restaurants open or to be opened under the Agreement;

11.4.7 Area Developer or transferee shall pay a fee in an amount equal to twenty-five percent (25%) of the Area Development Fee paid by Area Developer pursuant to Section 2.2;

11.4.8 The transferee shall satisfactorily complete Franchisor's training program at the transferee's expense within the time frame Franchisor sets forth;

11.4.9 Area Developer (and Area Developer's principals if Area Developer is a partnership, corporation or limited liability company), and the members of their respective families must comply with the post-termination provisions of this Agreement;

11.4.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Area Development Business and Franchised Restaurants;

11.4.11 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

11.4.12 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

11.4.13 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Restaurants and performance under this Agreement;

11.4.14 Area Developer must request that Franchisor provide the prospective transferee with Franchisor's current form of disclosure document and Franchisor shall not be liable for any representations not included in the disclosure document;

11.4.15 Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party;

11.4.16 Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Area Developer and Area Developer's Franchised Restaurants as Area Developer has supplied Franchisor hereunder; and

11.4.17 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

11.5 Transfer to a Corporation or Limited Liability Company. If Area Developer is an individual and desires to assign its rights under this Agreement, one (1) time only, to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee set forth in Section 11.4.7 and such assignment will not be subject to Franchisor's right of first refusal:

11.5.1 The corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Restaurant;

11.5.2 Area Developer is, and at all times remains, the owner of fifty-one percent (51%) of the outstanding shares of the corporation or a controlling interest in the limited liability company;

11.5.3 The corporation or limited liability company agrees in writing to assume all of Area Developer's obligations hereunder; and

11.5.4 All stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all of its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Area Developer and Franchisor and/or Franchisor's affiliates and execute a noncompetition agreement.

11.6 Death, Disability or Incapacity.

11.6.1 Definition of Incapacity. For the purpose of this Agreement, an individual shall be considered incapacitated if, in the reasonable discretion of Franchisor, such person, as a result of physical or mental disability, is unable to perform substantially the same services as Area Developer for a period of

at least ninety (90) days in any twelve (12) consecutive months, as such person performed prior to such physical or mental disability.

11.6.2 Representative's Right to Continue as Area Developer. In the event of Area Developer's death, disability or incapacitation (or the death, disability or incapacitation of Area Developer's partners or personal guarantors, Area Developer's legal representative (or Area Developer's partner's or guarantor's respective legal representative, as applicable) shall have the right to continue the operation of the Area Development Business and Franchised Restaurants as Area Developer under this Agreement if: (i) within forty-five (45) days from the date of death, disability or incapacity (the "45 day period"), such person has obtained Franchisor's prior written approval; (ii) has executed Franchisor's then-current area development agreement and franchise agreements for the unexpired term of each, as applicable, or has furnished a personal guaranty of any partnership, corporation or limited liability company guaranteeing Area Developer's obligations to Franchisor and Franchisor's affiliates; and (iii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor.

11.6.3 Area Development Operation During and After 45 Day Period. Franchisor is under no obligation to operate the Area Development Business or any of Area Developer's Franchised Restaurants, or incur any obligation on behalf of any incapacitated Area Developer, during or after the 45-day period. If necessary, Area Developer (or Area Developer's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Area Development Business during the 45-day period. In the event of Area Developer's death, disability, absence or otherwise, Franchisor may (but is not required to) operate Area Developer's Area Development Business and Franchised Restaurants on Area Developer's behalf and at Area Developer's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Restaurants to cover any or all past, current and/or future obligations of the Franchised Restaurants (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines from time-to-time in Franchisor's sole and absolute discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorney's fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of Area Developer's Franchised Restaurants. Area Developer (and/or Area Developer's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of Area Developer's Area Development Business and/or Franchised Restaurants.

11.7 Franchisor's Right to Transfer. Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

12 RIGHTS AND OBLIGATIONS OF THE PARTIES UPON TERMINATION.

12.1 In General. Area Developer agrees that after the termination of this Agreement, for any reason, it shall:

12.1.1 Not directly or indirectly at any time or in any manner identify itself or any business as a current or former developer, franchisee, or dealer of, or as otherwise associated with, Franchisor, or directly or indirectly use any of Franchisor's Marks, any colorable imitation thereof or other

indicia of a Franchised Restaurant in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark or other commercial symbol that suggests or indicates a connection or association with Franchisor, its affiliates, franchisees, and developers;

12.1.2 Promptly return to Franchisor the Confidential Operations Manual, POS Databases and other Proprietary Software, and all signs (interior and exterior), other manuals, brochures, advertising materials, forms, invoices and other materials containing any Marks or otherwise identifying or relating to the System or the operation of a Franchised Restaurant and allow Franchisor, without liability, to remove all such items from the Area Developer's offices;

12.1.3 Promptly take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any Marks;

12.1.4 Promptly notify the appropriate telephone company and all telephone directory listing agencies of the termination or expiration of Area Developer's right to use any telephone numbers and any regular, classified or other telephone directory listings associated with any Marks and authorize transfer of same to or at the direction of Franchisor. Area Developer agrees to execute updated letters of direction to telephone companies and telephone directory listing agencies directing termination and/or transfer of Area Developer's right to use telephone numbers associated with the Marks, which Franchisor may hold until termination or expiration hereof. Area Developer acknowledges that as between Franchisor and Area Developer, Franchisor has the sole right to and interest in all telephone numbers and directory listing associated with any Marks. Area Developer authorizes Franchisor, and hereby appoints Franchisor and any officer of Franchisor as its attorney in fact, to direct the appropriate telephone company and all listing agencies to transfer same to Franchisor or at its direction, should Area Developer fail or refuse to do so, and the appropriate telephone company and all listing agencies may accept such direction of this Agreement or Area Developer's letter of direction held by Franchisor as conclusive of the exclusive rights of Franchisor in such telephone number and directory listings and its authority to direct their transfer; and

12.1.5 Furnish to Franchisor, within thirty (30) days after the effective date of termination or expiration, evidence satisfactory to Franchisor of Area Developer's compliance with the foregoing obligations.

12.2 Restrictive Covenants. Comply with the restrictive covenants set forth in Section 13 below.

12.3 Payment of All Remaining Initial Franchise Fees. The balance of all unpaid initial franchise fees for those Franchised Restaurants detailed in the Mandatory Development Schedule, with said fees laid out in Section 2 of this Agreement, shall be paid to Franchisor.

12.4 Revocation of Future Development Rights. The remaining options granted by Area Developer to establish Franchised Restaurants under this Agreement shall be automatically revoked and shall be null and void. Area Developer shall have no right to establish or operate any business for which a Franchise Agreement has not been executed by Franchisor. Franchisor shall then be entitled to establish, and to license others to establish, Franchised Restaurants in the Development Area except as may otherwise be provided under any Franchise Agreement executed between Franchisor and Area Developer.

12.5 Rights and Obligations under Franchise Agreements. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto, except to the extent that any default under this Agreement also constitutes a default under any Franchise Agreement in accordance with the terms of the Franchise Agreement. If Area Developer at the time of expiration or

termination of this Agreement is operating one or more franchises pursuant to the terms of individual franchise agreements entered into with Franchisor, then all of the rights and obligations under such individual franchise agreements will be applicable, provided that Franchisor does not exercise its right to cross-default; however, to the extent of any conflict or inconsistency between any individual franchise agreement and this Agreement, the provisions of individual Franchise Agreements will govern.

12.6 Survival. All obligations of Area Developer which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

13 RESTRICTIVE COVENANTS AND CONFIDENTIALITY.

13.1 Acknowledgement. Area Developer acknowledges that as a participant in Franchisor's System, Area Developer will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore to protect Franchisor and all Franchisor's other developers and franchisees, Area Developer agrees as follows:

13.2 Restrictive Covenants During the Term of This Agreement. During the term of this Agreement, neither Area Developer, Area Developer's officers, directors, principals, nor any member of the immediate family (i.e. spouse, domestic partner or dependent) of Area Developer or Area Developer's officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

13.2.1 Own, maintain, engage in, lend money to, extend credit to, have any interest in, or be employed as an officer, director, executive, or principal of any other business engaging, in whole or in part, in dispensing, promoting or selling pizza products as a principal food item (i.e., at least twenty percent (20%) of gross revenues during any calendar quarter) or otherwise engaged in the business of offering franchises for, licensing of, or operating pizza restaurants or offering food products substantially similar to those offered in EXTREME PIZZA restaurants; provided, however, that this Section does not apply to Area Developer's operation of any other Franchised Restaurant;

13.2.2 Divert or attempt to divert any business or customer of Area Developer's Franchised Restaurant(s) to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

13.3 Restrictive Covenants After the Term of This Agreement. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Area Developer, Area Developer's officers, directors, principals, nor any member of the immediate family (spouse, domestic partner or dependent) of Area Developer or Area Developer's officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

13.3.1 Own, maintain, engage in, lend money to, extend credit to, have a substantial interest in (substantial interest shall be defined as having an owning more than twenty-five percent (25%) of the outstanding shares of a corporation or more than twenty-five percent (25%) ownership interest in a partnership or other entity), or be employed as an officer, director, executive, or principal of any other business engaging, in whole or in part, in dispensing, promoting or selling pizza products as a principal food item (i.e., at least twenty percent (20%) of gross revenues during any calendar quarter) or otherwise engaged in the business of offering franchises for, licensing of, or operating pizza restaurants or offering

food products substantially similar to those offered in EXTREME PIZZA restaurants, within the following geographical areas as of the date of expiration, transfer or termination of this Agreement:

13.3.1.1 at the premises of any Franchised Restaurant operated by Area Developer;

13.3.1.2 within a radius of twenty (20) miles of the perimeter of (i) the Development Area being granted hereunder, (ii) any other Designated Area licensed by Franchisor (as such term is defined in the Franchise Agreement), or (iii) any Designated Area where a System franchise is otherwise operating or under development, including Franchisor or Affiliate-owned EXTREME PIZZA restaurants.

13.3.2 Contact any of Franchisor's suppliers or vendors for any competitive business purpose if Area Developer's new business venture is in the business of dispensing, promoting or selling pizza products as a principal food item (i.e., at least twenty percent (20%) of gross revenues during any calendar quarter) or otherwise engaged in the business of offering franchises for, licensing of, or operating pizza restaurants or offering food products substantially similar to those offered in EXTREME PIZZA restaurants, within the geographical areas described above as of the date of expiration, transfer or termination of this Agreement, or

13.4 Intent and Enforcement. It is the parties' intent that the provisions of this Section 13 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 13 by Area Developer, any of Area Developer's principals, or any member of the immediate family of Area Developer or Area Developer's principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Area Developer agrees that in the event of the actual or threatened breach of this Section 13, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Area Developer acknowledges and agrees on Area Developer's own behalf and on behalf of the persons who are liable under this Section 13 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 13 in no way prevent any such person from earning a living. Area Developer further acknowledges and agrees that the time limitation of this Section 13 shall be tolled during any default under this Section.

13.5 Unilateral Reduction of the Scope of these Covenants. Area Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion to reduce the scope of any covenant set forth in this Section 13. Area Developer agrees that it shall comply with any covenant as so modified upon written notice to Area Developer and shall be enforceable notwithstanding Sections 14 and 17.1.

13.6 Choice of Law for Post-Term Obligations. Notwithstanding this Agreement's choice of law provision, this Section 13 as it relates to post-term covenants not to compete, will be construed and governed by the state in which Area Developer's Development Area is located. If Area Developer's Development Area is in two or more states, then the state which contains the largest geographic portion of the Development Area shall govern disputes regarding the parties' post-termination obligations.

13.7 Confidentiality.

13.7.1 Nondisclosure. During the term of this Agreement, Area Developer will receive information which Franchisor considers a trade secret and confidential information. Any and all information, knowledge and know-how, including, without limitation, the Confidential Operations Manual, drawings, materials, equipment, techniques, restaurant systems, product formulae, trade secret information,

ideas, concepts, methods, recipes, ingredients, Approved Supplier and Approved Supplies Lists, the composition of Trade Secret Food Products and Menu Items, and any information regarding the Trademarked Product Line(s) prior to its respective release shall be deemed confidential for purposes of this Agreement (“Confidential Information”). Area Developer shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential information, including, but not limited to, any portion of know-how, knowledge, methods specification, processes, procedures and/or improvement regarding the business that is valuable and secret in the sense that it is generally not known to competitors of Franchisor (“Trade Secrets”). Area Developer may divulge such Confidential Information, including Trade Secrets, only to such employees as must have access, and only to the extent necessary in order to operate the Franchised Restaurant. All references to Confidential Operations Manual include the entire series of manuals and any update Franchisor may designate as part of the Confidential Operations Manual, including, but not limited to, restaurant design criteria, restaurant operations, forms index, approved vendors and new product lines.

13.7.2 New Concepts. If Area Developer, Area Developer’s employees, or principals develop any new concept, process or improvement in the operation or promotion of the Franchised Restaurant, including improvements to the Menu Items or Trade Secret Food Products, restaurant design criteria, or any software used in connection with the Franchised Restaurant, Area Developer shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor’s sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Area Developer and Area Developer’s principals hereby assign to Franchisor any rights Area Developer may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Area Developer and Area Developer’s principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Area Developer and Area Developer’s principals hereby irrevocably designate and appoint Franchisor as Area Developer’s agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 13.7 are found to be invalid or otherwise unenforceable, Area Developer and Area Developer’s principals hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Area Developer’s rights therein.

13.7.3 Employees. At Franchisor’s request, Area Developer must require Area Developer’s officers, directors, key Managers, any other managers, and any personnel having access to any of Franchisor’s Confidential Information or Trade Secrets to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Area Developer at a Franchised Restaurant. Such covenants shall be in a form satisfactory to Franchisor including, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with independent rights to enforce them.

13.7.4 No Defense. Area Developer hereby agrees that the existence of any claim Area Developer may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor’s enforcement of the covenants contained in this Section 13. Area Developer agrees to pay all costs and expenses (including reasonable attorney’s fees) which Franchisor incurs in connection with the enforcement of this Section 13.

14 CHANGES AND MODIFICATIONS.

Franchisor may modify this Agreement only upon the execution of a written agreement by Franchisor and Area Developer, except that Franchisor may reduce the restrictive covenant upon notice to the Area Developer as provided in Section 13.5. Franchisor reserves and will have the sole right to make changes in the Manual, the System and the Marks at any time and without prior notice to Area Developer. Area Developer must promptly alter any signs, products, business materials or related items, at its sole cost and expense, upon written receipt of notice of such change or modification in order to conform to Franchisor's revised specifications. Area Developer understands and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers, and/or presently unforeseen technological innovations, Franchisor's System must not remain static, in order that it best serve the interests of Franchisor, Area Developer and the System. Accordingly, Area Developer expressly understands and agrees that Franchisor may from time to time change the components of the System, including but not limited to, altering the programs, services, methods, standards, forms, policies and procedures of that System; adding to, deleting from or modifying those programs, products and services which a Franchised Restaurant is authorized to offer; and changing, improving or modifying the Marks. Subject to the other provisions of this Agreement, Area Developer expressly agrees to abide by any such modifications, changes, additions, deletions and alterations.

15 NOTICES.

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by facsimile or email (provided that the sender confirms the facsimile by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the following addresses set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party

16 CHOICE OF LAW AND DISPUTE RESOLUTION.

16.1 Choice of Law. This Agreement shall be deemed to have been made in the State of California and shall be construed according to the laws of California. Notwithstanding, Section 13 of this Agreement as it relates to post-term covenants not to compete shall be construed and governed by the law of the state in which the Area Developer's Development Area is located (as set forth more fully in Section 13.6).

16.2 Internal Dispute Resolution. Area Developer must first bring any claim or dispute between Area Developer and Franchisor to Franchisor's President and/or Chief Executive Officer. Area Developer must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt internal dispute resolution shall survive termination or expiration of this Agreement.

16.3 Mediation. At Franchisor's option, all claims or disputes between Franchisor and Area Developer or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Area Developer or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 16.2 above, must be submitted first to mediation, in San Rafael, California under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's

Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Area Developer must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Area Developer as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Area Developer may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and Franchisor and Area Developer shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.

16.4 Selection of Venue. Nothing contained in this Agreement shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in San Francisco, California, and the jurisdiction and venue of the United States District Court presiding over San Francisco, California. Area Developer acknowledges that this Agreement has been entered into in the State of California, and that Area Developer is to receive valuable and continuing services emanating from Franchisor's headquarters in San Francisco, California including, but not limited to, training, assistance, support and the development of the System. In recognition of such services and their origin, Area Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts of California set forth above. Nothing in this Section should be construed to negate or override the parties' choice of law as designated in Sections 16.1 and 13.6, where applicable.

16.5 Third Party Claims. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the mediation other dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by Area Developer.

16.6 Prior Notice of Claims. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Area Developer must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

16.7 No Right to Offset. Area Developer shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Area Developer under this Agreement or any related agreements.

16.8 Injunctive Relief. Nothing in this Agreement shall prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Area Developer's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Area Developer expressly waives all claims for damages Area Developer incurred as a result of the wrongful issuance.

16.9 Limitation of Action. Franchise further agrees that no cause of action arising out of or under this Agreement may be maintained by Area Developer against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Area Developer becomes aware of facts or circumstances reasonably indicating that Area Developer may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

16.9.1 Area Developer's Waiver of Certain Causes of Action. Area Developer hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

16.10 Non-waiver Generally. Franchisor's failure to insist upon strict compliance with any provision of this Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

16.11 Waiver of Punitive Damages. Area Developer hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Area Developer's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

16.12 No Personal Liability. Area Developer agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor's sole responsibility and none of Franchisor's owners, officers, agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Area Developer for any reason. This is an important part of this Agreement. Area Developer agrees that nothing that Area Developer believes Area Developer has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

17 CONSTRUCTION.

17.1 Entire Agreement. This Agreement contains the entire agreement between the parties concerning the Area Development Business; no promises, inducements or representations not contained in this Agreement have been made, nor shall any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties except as provided in Section 13.5 of this Agreement. Franchisor reserves the right to change Franchisor's policies, procedures, standards, specifications or manuals at Franchisor's discretion. Nothing in this Agreement or its related agreements is intended to disclaim any representations made in the Franchise Disclosure Document provided herewith.

17.2 Survival Generally. Any provisions of this Agreement which may be reasonably interpreted to impose any obligation after termination or expiration hereof shall survive such termination or expiration and be binding upon the parties.

17.3 Construction. The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

17.4 Area Developer Defined. The term "Area Developer" shall be construed to refer to the male or female gender in all cases where the Area Developer is an individual, masculine or feminine modifiers and pronouns notwithstanding. The term "principals" shall include Area Developers general and limited partners, if it is a partnership, its officers, directors and shareholders, if Area Developer is a corporation, and its members and managers, if Area Developer is a limited liability company. The paragraph captions are inserted only for convenience and reference, and are not intended to define, limit or describe the scope, intent or language of this Agreement or any provisions hereof.

17.5 Successors and Assigns. This Agreement shall be binding upon the parties and their heirs, executors, personal representatives, successors and assigns. All signatories to this Agreement and all partners of a partnership Area Developer, all officers, directors and shareholders of a corporate Area Developer, and all members and managers of a limited liability company Area Developer, shall be jointly and severally liable for the performance of all terms, covenants and conditions hereof.

18 Anti-Terrorism Provision and Acknowledgements.

Area Developer certifies that neither Area Developer, nor Area Developer's owners, principals, employees or anyone associated with Area Developer is listed in the Annex to Executive Order 13224. (The Annex is available at <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>.) Area Developer agrees not to hire or have any dealings with a person listed in the Annex. Area Developer certifies that Area Developer has no knowledge or information that, if generally known, would result in Area Developer, Area Developer's owners, principals, employees, or anyone associated with Area Developer being listed in the Annex to Executive Order 13224. Area Developer agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Area Developer certifies, represents, and warrants that none of Area Developer's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Area Developer and Area Developer's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Area Developer is solely responsible for ascertaining what actions must be taken by Area Developer to comply with all such Anti-Terrorism Laws, and Area Developer specifically acknowledges and agrees that Area Developer's indemnification responsibilities as provided in this Agreement pertain to Area Developer's obligations under this Section 18. Any misrepresentation by Area Developer under this Section or any violation of the Anti-Terrorism Laws by Area Developer, Area Developer's owners, principals or employees shall constitute grounds for

immediate termination of this Agreement and any other agreement Area Developer has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 15.1.19 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

19 Guaranty of Principals and their spouses.

If Area Developer is a corporation, or subsequent to execution hereof, Area Developer assigns this Agreement to a corporation, all shareholders owning more than ten percent (10%) of Area Developer's outstanding shares and their spouses (or if Area Developer is a partnership, or subsequent to execution hereof, Area Developer assigns this Agreement to a partnership, all general partners and their spouses, or if Area Developer is a limited liability company, or subsequent to execution hereof Area Developer assigns this Agreement to a limited liability company, all members and managers and their spouses) hereby personally and unconditionally guarantee without notice, demand, or presentment, the payment of all of Area Developer's monetary obligations under this Agreement, and any other agreement between Area Developer and Franchisor and/or Franchisor's affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions upon Area Developer's activities upon transfer, termination, or expiration and nonrenewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors and their spouses must execute a continuing personal guarantee in the form attached hereto as Attachment 2.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement the date and year first written above.

OOO, INC. d/b/a EXTREME PIZZA

By: _____
Name: _____
Title: _____

AREA DEVELOPER

By: _____
Name: _____
Title: _____

ATTACHMENT 1
SINGLE UNIT FRANCHISE AGREEMENT

ATTACHMENT 2

PERSONAL GUARANTY

NOTE: IF AREA DEVELOPER IS A CORPORATION, EACH OF AREA DEVELOPER'S SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF AREA DEVELOPER IS A PARTNERSHIP, EACH OF AREA DEVELOPER'S GENERAL PARTNERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF AREA DEVELOPER IS A LIMITED LIABILITY COMPANY, EACH OF AREA DEVELOPER'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING.

ARTICLE I PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to OOC, INC. d/b/a EXTREME PIZZA ("Franchisor") that you are all of the shareholders of the Area Developer, or all of the general partners of the Area Developer, or all of the members and managers, or the spouse of any such shareholder, general partner, or member or manager of _____ ("Area Developer"), as the case may be. In consideration of the grant by Franchisor to the Area Developer as herein provided, each of you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Area Development Agreement, and any other agreement between Area Developer and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Area Developer of each and every obligation of Area Developer under the aforesaid Area Development Agreement or other agreement between Franchisor and Area Developer, including, without limitation, any indebtedness of Area Developer arising under or by virtue of the aforesaid Area Development Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Area Developer owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Area Development Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Area Development. You further agree to be bound by the in-term and post-term covenants against competition of the aforesaid Area Development Agreement.

ARTICLE II CONFIDENTIALITY

During the initial and any renewal terms of the Area Development Agreement and this Guaranty, you will receive information, which Franchisor considers its trade secrets and confidential information, including methods for the solicitation and recruitment of developers and franchisees, methods and techniques for administering the System and supervising franchisee performance, providing ongoing support services to franchisees, the Confidential Operations Manual, drawings, materials, equipment, techniques, restaurant systems, product formulae, trade secret information, ideas, concepts, methods, recipes, ingredients, the composition of Trade Secret Food Products and Menu Items, and any information regarding the Trademarked Product Line(s) prior to its respective release shall be deemed confidential for purposes of this Agreement ("Confidential Information"). Area Developer shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information, including, but not

limited to, any portion of know-how, knowledge, methods specification, processes, procedures and/or improvement regarding the business that is valuable and secret in the sense that it is generally not known to competitors of Franchisor ("Trade Secrets"). Area Developer may divulge such Confidential Information, including Trade Secrets, only to such employees as must have access, and only to the extent necessary in order to operate a Franchised Restaurant. All references to Confidential Operations Manual include the entire series of manuals and any update Franchisor may designate as part of the Confidential Operations Manual, including, but not limited to, restaurant design criteria, restaurant operations, forms index, approved vendors and new product lines.

ARTICLE III NON-COMPETITION

You acknowledge that as a participant in the Franchisor's System, you will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore to protect Franchisor and all Franchisor's franchisees, Area Developer agrees as follows:

1) During the Term of the Area Development Agreement and this Guaranty. During the term of this Agreement, neither Area Developer, Area Developer's officers, directors, or principals, nor any member of the immediate family (i.e. spouse, domestic partner or dependent) of Area Developer or Area Developer's officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

(a) Own, maintain, engage in, lend money to, extend credit to, have interest in (substantial interest shall be defined as having an owning more than twenty-five percent (25%) of the outstanding shares of a corporation or more than twenty-five percent (25%) ownership interest in a partnership or other entity), or be employed as an officer, director, executive, or principal of any other business engaging, in whole or in part, in dispensing, promoting or selling pizza products as a principal food item (i.e., at least twenty percent (20%) of gross revenues during any calendar quarter) or otherwise operating a pizza restaurant or offering food products substantially similar to those offered in EXTREME PIZZA restaurants; provided, however, that this Section does not apply to your operation of any other Franchised Restaurant;

(b) Divert or attempt to divert business or customers of any Area Developer-owned Franchised Restaurants to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

2) After the Term of the Area Development Agreement. For a period of two (2) years after the expiration, transfer or termination of the Area Development Agreement, regardless of the cause, neither you, your principals, nor any member of their immediate family (i.e. spouse, domestic partner or dependent) may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

(a) Own, maintain, engage in, be employed by, lend money to, have a substantial interest in (substantial interest shall be defined as having an owning more than twenty-five percent (25%) of the outstanding shares of a corporation or more than twenty-five percent (25%) ownership interest in a partnership or other entity), or be employed as an officer, director, executive, or principal of other business engaging, in whole or in part, in dispensing, promoting or selling pizza products as a principal food item (i.e., at least twenty percent (20%) of gross revenues during any calendar quarter) or otherwise operating a

pizza restaurant or offering food products substantially similar to those offered in EXTREME PIZZA restaurants in the following geographic locations at the time the Area Development Agreement is terminated or otherwise expires and is not renewed:

- (i) at any Franchised Restaurant Premises; or
 - (ii) within a radius of twenty (20) miles of the perimeter of (A) the Development Area being granted hereunder, (B) any other Designated Area (as such term is defined in the Franchise Agreement) licensed by Franchisor, or (C) any Designated Area where a System franchise is otherwise operating or under development, including Franchisor or Affiliate-owned franchises.
- (b) Solicit business from customers of Area Developer's former Franchised Restaurant(s) (if Franchisor elects to exercise its cross default rights under the Area Development Agreement) if Area Developer's new business venture is in the business of dispensing, promoting or selling pizza products as a principal food item (i.e., at least twenty percent (20%) of gross revenues during any calendar quarter) or otherwise engaged in the business of offering franchises for, licensing of, or operating pizza restaurants or offering food products substantially similar to those offered in EXTREME PIZZA restaurants, within the geographical areas described above as of the date of expiration, transfer or termination of this Agreement;
- (c) Contact any of Franchisor's suppliers or vendors for any competitive business purpose if Area Developer's new business venture is in the business of dispensing, promoting or selling pizza products as a principal food item (i.e., at least twenty percent (20%) of gross revenues during any calendar quarter) or otherwise engaged in the business of offering franchises for, licensing of, or operating pizza restaurants or offering food products substantially similar to those offered in EXTREME PIZZA restaurants, within the geographical areas described above as of the date of expiration, transfer or termination of this Agreement; or
- (d) Solicit any of Franchisor's employees, or the employees of Franchisor's affiliates, or any other System franchisee to discontinue employment.

3) Intent and Enforcement. It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree on your own behalf and Area Developer's behalf that each of you have previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article III shall be tolled during any default under this Guaranty.

4) Choice of Law for Enforcement of Post-Termination Obligations. In accordance with Section 13.6 of the Area Development Agreement, this Article III, as it relates to post-term covenants not to compete, shall be construed and governed by the law of the state where Area Developer's Development Area is located. If the Development Area is located in two or more states, the law of the state where the largest geographical portion of Area Developer's Development Area is located will govern.

ARTICLE IV DISPUTE RESOLUTION

1) **Acknowledgment.** You acknowledge that this Guaranty is not an Area Development Agreement or Franchise Agreement and does not confer upon you any rights to use the Franchisor's Marks or its System.

2) **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the state of California. Notwithstanding, Article III of this Agreement as it relates to post-term covenants not to compete shall be construed and governed by the law of the state where Area Developer's Development Area is located (as set forth more fully in Article III, Section 4 of this Agreement).

3) **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Area Development or this Personal Guaranty to Franchisor's Chief Executive Officer and/or President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to resolve all disputes internally shall survive expiration or termination of the Area Development Agreement.

4) **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Personal Guaranty or the Area Development Agreement or any other agreement by and between you and the Franchisor, or any of the parties' respective rights and obligations arising from such agreements, which are not first settled by the internal dispute resolution procedure set forth in Section 3 above, must be submitted first to mediation, in San Francisco, California, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and the parties shall share the cost of mediator. This agreement to mediate at Franchisor's option shall survive termination or expiration of the Area Development Agreement.

Arbitration

5) **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Area Development and this Guaranty, and the mediation and other dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

6) **Injunctive Relief.** Nothing contained in this Guaranty shall prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation or judicial proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.

7) **Jurisdiction and Venue.** With respect to any proceeding not subject to arbitration, the parties expressly agree to submit the jurisdiction and venue of any court of general jurisdiction in San

Francisco, California and the jurisdiction and venue of the United States District Court presiding over San Francisco, California.

8) **Jury Trial Waiver.** WITH RESPECT TO ANY PROCEEDING NOT SUBJECT TO ARBITRATION, THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE AREA DEVELOPMENT AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE, OPTION AND/OR ANY GOODS OR SERVICES.

9) **Waiver of Punitive Damages.** You waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery shall be limited to actual damages. If any other term of this Personal Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

10) **Limitation on Action.** You agree that no cause of action arising out of or under this Guaranty or the Area Development Agreement may be maintained by you unless brought before the expiration of one (1) years after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

11) **Attorneys' Fees.** If either party institutes any judicial or arbitration proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Guaranty and the Area Development Agreement, and Franchisor prevails in such action, you shall be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

12) **Non-waiver.** Franchisor's failure to insist upon strict compliance with any provision of this Personal Guaranty and the Area Development Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

13) **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared

invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

14) **Construction of Language.** Any term defined in the Area Development Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Area Development Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

15) **Successors.** References to "Franchisor" or "the undersigned," or "you" include the respective parties' successors, assigns or transferees.

16) **No Personal Liability.** You agree that fulfillment of any and all of Franchisor's obligations written in this Guaranty or in the Area Development Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Area Developer or you for any reason.

PERSONAL GUARANTORS

Name:_____

Name:_____

Name:_____

Name:_____

Name:_____

SPOUSES

Name:_____

Name:_____

Name:_____

Name:_____

Name:_____

EXHIBIT F TO THE DISCLOSURE DOCUMENT

SAMPLE TERMINATION AND RELEASE AGREEMENT

This AGREEMENT, made this _____ day of _____, 20____, by and among OOC, Inc. dba Extreme Pizza, a California Corporation having its principal place of business located at 1062 Folsom Street, San Francisco, California 94103 ("Franchisor"), _____ (herein "Individual Transferors"), _____ a _____ corporation (herein "Franchisee Corporation"), _____ (herein "Individual Transferees") and _____, a _____ corporation (herein "Transferee Corporation").

BACKGROUND

Franchisee Corporation and Individual Transferors are parties to a Franchise Agreement with Franchisor dated the ____ day of _____, 20____ (herein the "Franchise Agreement"), whereby Individual Transferors were granted the right to open and operate an Extreme Pizza Restaurant ("Restaurant") at _____ (herein the "Franchised Restaurant"). Individual Transferor and/or Franchisee Corporation have entered into an agreement with Transferee Corporation and/or Individual Transferees by which the Franchised Restaurant is being transferred, sold or otherwise assigned to Transferee Corporation and/or Individual Transferees. Franchisor has agreed to permit said transfer upon the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants and promises herein contained, and for other good and valuable consideration, acknowledged by each of them to be satisfactory and adequate, and each of said parties intending to be legally bound hereby, agree as follows:

1. Transferee Corporation and Individual Transferees shall simultaneously execute Franchisor's current form Franchise Agreement for a full fifteen (15) year term (the "New Franchise Agreement").
2. Transferee Corporation covenants and agrees that it will at all times during the term of the New Franchise Agreement, including any renewal terms, observe and perform each and every one of the covenants, obligations and undertakings required to be performed or observed under the New Franchise Agreement, including by illustration and not limitation, the payment of all sums due to Franchisor under the New Franchise Agreement.
3. Franchisee Corporation and Individual Transferors, jointly and severally, shall continue to be bound by the following provisions of the Franchise Agreement: (i) the confidentiality set forth in Section 5; (ii) the post-termination obligations respecting the Franchise set forth in Section 17; and (iii) the indemnification obligations set forth in Section 13.
4. In further consideration of Franchisor granting its consent to the transfer with respect to this Agreement, Individual Transferors and Franchisee Corporation, and their respective shareholders, directors, officers, successors, spouses, heirs, representatives and assigns, hereby release and forever discharge Franchisor and its successors and assigns, and its respective officers, directors, employees, shareholders and agents, in their corporate and individuals capacities by and from all liabilities whatsoever in law or in equity which against Franchisor the

Individual Transferors or Franchisee Corporation ever had or now have, or by reason of any cause, matter or thing whatsoever existing up until the date of this Agreement.

5. Upon execution of this Agreement, Franchisor, and its respective shareholders, directors, officers, successors, spouses, heirs, representatives and assigns, hereby releases and forever discharges Individual Transferors and Franchisee corporation, and their respective shareholders, directors, officers, successors, heirs, representatives and assigns, in their corporate and individual capacities, by and from all liabilities whatsoever in law or in equity, which against Individual Transferors, or Franchisee Corporation the Franchisor ever had or now has, or by reason of any causer, matter or thing whatsoever arising from the negotiation of, execution of, performance of or transfer of the Franchise Agreement, existing up until the date of this Agreement.
6. Individual Transferees, jointly and severally, hereby represent that: (i) each has read the New Franchise Agreement and agree to be bound by its terms; (ii) each unconditionally and irrevocably guarantees and acts as surety for the full, prompt and complete payment and performance of all or any of the indebtedness, liabilities and obligations of Transferee Corporation arising, incurred or evidenced pursuant to the New Franchise Agreement; (iii) each agrees that their individual obligations as provided herein shall be construed as an absolute, continuing and unlimited guarantee and surety of payment and performance; and (iv) that Franchisor shall not be required to proceed against Transferee Corporation before resorting to each Individual Transferee, jointly and severally, for payment and performance of all or any of the indebtedness, liabilities and obligations arising, incurred or evidenced pursuant to this Agreement or the New Franchise Agreement.
7. Franchisor shall be paid a Transfer Fee in the amount of _____ (\$_____) by Franchisee Corporation.
8. Franchisor shall be paid the then-current initial franchise fee of _____ (\$_____) by Transferee Corporation or Individual Transferees.
9. Individual Transferees shall have successfully completed Franchisor's training program prior to the date of transfer.
10. Individual Transferors and Franchisee Corporation must be current in all obligations to Franchisor.
11. Individual Transferor and Franchisee Corporation must be current in all obligations to vendors, including, but not limited to, the landlord and suppliers of inventory or services for the operation of the Franchised Restaurant. Individual Transferor and Franchisee Corporation shall provide proof of all final payments to such vendors.
12. All terms and conditions of the Franchise Agreement and New Franchise Agreement are incorporated herein as if fully set forth.

IN WITNESS WHEREOF, the parties set their hands and seals effective the date set forth above.

TRANSFeree CORPORATION:

By: _____
Name: _____
Title: _____

INDIVIDUAL TRANSFERORS:

By: _____
Name: _____
Title: _____

**FRANCHISOR:
OOC, INC.**

By: _____
Name: _____
Title: _____

EXHIBIT G TO THE DISCLOSURE DOCUMENT

STATE ADDENDA

**OOC, INC.
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
CONTAINING ADDITIONAL INFORMATION
REQUIRED BY THE STATE OF MARYLAND**

**THE OOC, INC.
FRANCHISE DISCLOSURE DOCUMENT ("FDD")
CONTAINS INFORMATION REQUIRED BY BOTH
THE FEDERAL TRADE COMMISSION AND THE STATE OF MARYLAND.
THIS ADDENDUM TO THE FDD CONTAINS INFORMATION
REQUIRED EXCLUSIVELY BY THE STATE OF MARYLAND
AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.**

*** * ***

**THE INFORMATION CONTAINED HEREIN MUST BE
REVIEWED IN CONJUNCTION WITH THE FDD**

**ADDENDUM TO OOC, INC.'S
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA
DEVELOPMENT AGREEMENT**

REQUIRED BY THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document for OOC, Inc. and Statement of Prospective Franchisee for use in the State of Maryland shall be amended as follows:

This will serve as the State Addendum for the State of Maryland for OOC, Inc.'s Franchise Disclosure Document and for its Franchise Agreement and Area Development Agreement. The amendments to the Franchise Agreement and Area Development Agreement included in this addendum have been agreed to by the parties.

1. Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement which provide for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The appropriate sections of the Franchise Agreement and Area Development Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The appropriate sections of the Franchise Agreement and Area Development Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

7. The appropriate sections of the Franchise Agreement and Area Development Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

8. The Franchise Agreement, Area Development Agreement and Franchisee Disclosure Acknowledgment Statement are amended to include the following statement: "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 Maryland Franchise Registration and Disclosure Law."

9. The Franchise Agreement and Area Development Agreement provide that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice

to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

10. To the extent of any inconsistencies, the Franchisee Acknowledgement Statement to the Franchise Agreement is amended to further state:

“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 Maryland Franchise Registration and Disclosure Law.”

11. Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the area development agreement opens.

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

13. Exhibit I to the Franchise Disclosure Document is hereby deleted.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this day of _____.

OOC, INC.

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

**OOC, INC.
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
CONTAINING ADDITIONAL INFORMATION
REQUIRED BY THE STATE OF MICHIGAN**

**THE OOC, INC.
FRANCHISE DISCLOSURE DOCUMENT ("FDD")
CONTAINS INFORMATION REQUIRED BY BOTH
THE FEDERAL TRADE COMMISSION AND THE STATE OF MICHIGAN.
THIS ADDENDUM TO THE FDD CONTAINS INFORMATION
REQUIRED EXCLUSIVELY BY THE STATE OF MICHIGAN
AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.**

*** * ***

**THE INFORMATION CONTAINED HEREIN MUST BE
REVIEWED IN CONJUNCTION WITH THE FDD**

**THE FOLLOWING APPLIES ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN
FRANCHISE INVESTMENT LAW**

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits 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 the 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 refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - 1. The failure of the proposed franchisee to meet the franchisor's then current reasonable qualifications or standards.
 - 2. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

3. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provision of the franchise agreement and has failed to cure the breach in a 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 obligation to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any question regarding the notice should be directed to:

Consumer Protection Division
Attn: Katharyn Barron
Michigan Department of Attorney General
525 W. Ottawa Street, 1st Floor
Lansing, Michigan 48933
(517) 335-7567

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

OOC, INC.

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

**OOC, INC.
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
CONTAINING ADDITIONAL INFORMATION
REQUIRED BY THE STATE OF MINNESOTA**

**THE OOC, INC.
FRANCHISE DISCLOSURE DOCUMENT ("FDD")
CONTAINS INFORMATION REQUIRED BY BOTH
THE FEDERAL TRADE COMMISSION AND THE STATE OF MINNESOTA.
THIS ADDENDUM TO THE FDD CONTAINS INFORMATION
REQUIRED EXCLUSIVELY BY THE STATE OF MINNESOTA
AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.**

*** * ***

**THE INFORMATION CONTAINED HEREIN MUST BE
REVIEWED IN CONJUNCTION WITH THE FDD**

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. Item 6, Non-Sufficient Funds Fee, is amended to state:

Pursuant to Minn. Stat. § 604.113, the Non-Sufficient Funds Fee is \$30.00 per occurrence.

2. Item 17 is amended to state:

(a) Minn. Stat. § 80C.21 and Minnesota Rules § 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in this Franchise Disclosure Document or agreement(s) shall abrogate or reduce (1) any of your rights as provided for in Minn. Stat. Chapter 80C or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

(b) In accordance with Minn. Stat. § 80C.14 subd. 3-5, except in certain specified cases, we will give you 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement. Additionally, we will not unreasonably withhold our consent to a transfer of your Duck Donuts franchise.

(c) In accordance with Minnesota Rules 2860.4400(D), we cannot require you to assent to a general release.

(d) In accordance with Minnesota Rules 2860.4400(J), we cannot require you to consent to liquidated damages.

(e) Minn. Stat. § 80C.17 subd. 5 requires that an action be commenced pursuant to the Franchise Act within three (3) years after the cause of action accrues.

(f) You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rules 2860.4400(J).

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

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

ADDENDUM TO FRANCHISE AGREEMENT REQUIRED BY MINNESOTA

In recognition of the requirements of the Minnesota Statutes Chapter 80C, the parties to the attached OOC, Inc. Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee’s assent to a release other than as part of a voluntary settlement of disputes. To the extent of any inconsistencies with the Minnesota Rules requirement contained in Sections 5.2.5 or 16.3.6 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section 5.1.1 of the Franchise Agreement is hereby amended to state:

“Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 4, Franchisor will give Franchisee 180 days’ notice for non-renewal of the Franchise Agreement.”

3. To the extent of any inconsistencies, Section 6.4 of the Franchise Agreement is hereby amended to state that the non-sufficient funds fee is Thirty Dollars (\$30.00) per occurrence.

4. To the extent of any inconsistencies, Sections 17.1 through 17.3 of the Franchise Agreement are hereby amended to state:

“Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 3, Franchisor will give Franchisee 90 days notice of termination (with 60 days to cure)”.

5. To the extent of any inconsistencies, Article 20, Dispute Resolution, of the Franchise Agreement is hereby amended to state:

“Franchisor cannot require Franchisee to: (i) conduct litigation outside Minnesota, (ii) waive a jury trial, or (iii) consent to liquidated damages, termination penalties or judgment notes. Nothing in this Franchise Agreement shall abrogate or reduce (1) any of Franchisee’s rights as provided for in Minn. Stat. Chapter 80C or (2) Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief.”

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes Chapter 80C are met independently without reference to this Amendment.

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

The parties hereto have duly executed this Minnesota Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

OOC, INC.

By: _____

_____,
(Print Name, Title)

FRANCHISEE (Entity):

By: _____

_____,
(Print Name, Title)

FRANCHISEE (Principal):

(Print Name)

FRANCHISEE (Principal):

(Print Name)

**OOC, INC.
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
CONTAINING ADDITIONAL INFORMATION
REQUIRED BY THE STATE OF NEW YORK**

**THE OOC, INC.
FRANCHISE DISCLOSURE DOCUMENT ("FDD")
CONTAINS INFORMATION REQUIRED BY BOTH
THE FEDERAL TRADE COMMISSION AND THE STATE OF NEW YORK.
THIS ADDENDUM TO THE FDD CONTAINS INFORMATION
REQUIRED EXCLUSIVELY BY THE STATE OF NEW YORK
AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.**

*** * ***

**THE INFORMATION CONTAINED HEREIN MUST BE
REVIEWED IN CONJUNCTION WITH THE FDD**

OOC, INC.
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

1. 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. The following is added at 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. 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. 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. 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.

6. 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.

7. 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.

8. 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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

OOC, INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

**OOC, INC.
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
CONTAINING ADDITIONAL INFORMATION
REQUIRED BY THE STATE OF VIRGINIA**

**THE OOC, INC.
FRANCHISE DISCLOSURE DOCUMENT ("FDD")
CONTAINS INFORMATION REQUIRED BY BOTH
THE FEDERAL TRADE COMMISSION AND THE COMMONWEALTH OF VIRGINIA.
THIS ADDENDUM TO THE FDD CONTAINS INFORMATION
REQUIRED EXCLUSIVELY BY THE COMMONWEALTH OF VIRGINIA
AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.**

*** * ***

**THE INFORMATION CONTAINED HEREIN MUST BE
REVIEWED IN CONJUNCTION WITH THE FDD**

ADDENDUM TO OOC, INC.
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AREA
DEVELOPMENT AGREEMENT FOR THE COMMONWEALTH OF VIRGINIA

For franchises and franchisees/area developers subject to the Virginia Retail Franchising Act, the following information supersedes or supplements, as the case may be, the corresponding disclosure in the main body of the text of the OOC, Inc. Franchise Disclosure Document.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonably cause. If any ground for default or termination stated in the franchise, area development or area representative agreement does not constitute “reasonable cause,” as that term may be defined by the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

OOO, INC.

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

EXHIBIT H TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

LIST OF FRANCHISEES BY STATE

(As of December 31, 2025)

<u>CALIFORNIA</u>	
<u>Alamo</u> Sahib Inc 3227 Danville Road Alamo, California 94507 (925) 838-1144	<u>Brentwood</u> Gurgit Survinder* 3120 Balfour Rd., Ste. F Brentwood, California 94513 (925) 513-3001
Preet Narang 2360 Shattuck Avenue Berkeley, California 94704 (510) 280-5441	<u>Novato</u> West Paia Partners 104 Vintage Way Novato, California 94945 (415) 898-6575
<u>Petaluma</u> Sarjit Singh 3100 Lakeville Highway Petaluma, California 94954 (707) 763-8100	<u>San Francisco</u> Jackey Gan 3911 Alemany Blvd. San Francisco, California 94132 (650) 992-9800
<u>San Rafael*</u> Jeff Miller 703 Fourth Street San Rafael, California 94901 (415) 454-6111	<u>Walnut Creek</u> David Wright 1630 Cypress Street Walnut Creek, California 94596 (925) 930-6100
Kyle Bermudez 151 Park Place Richmond, California 94801 (510) 965-3982	Mandy Dhillon 1608 Holmes St Livermore, CA 94550 (510)-685-3263
Juan and Martha Gomez 1980 Union St San Francisco, California 94123 (415) 724-0222	Simran Kaur 3550 San Pablo Dam Road San Pablo, California 94806 (510) 750-8554
<u>IDAHO</u>	
<u>Boise</u> Jim and Rose Steward 590 Broadway Ave Boise, Idaho 83702 (208) 947-5675	<u>Caldwell</u> Robert and Michelle Mora 111 South 7th Avenue Caldwell, Idaho 83605 (208)-402-5722

<u>Melba</u> Steve Martinez 207 Fourth St. Melba, Idaho 83641 (208) 495-9090	
NEW JERSEY	
<u>Space Farms</u> Jill Space 218 Route 519 Wantage, New Jersey 07461 (973) 875-2000	
SOUTH CAROLINA	
<u>Myrtle Beach</u> Adam Thornton 1310 Celebrity Circle Myrtle Beach, South Carolina 39577 (843) 808-9747	
TEXAS	
<u>McAllen</u> Guillermo Romero 111 W. Nolan Avenue McAllen, Texas 78504 (956) 540-7790	
VIRGINIA	
<u>Arlington</u> Ernie Harris/John Manecke* 1419 S. Fern Street Arlington, Virginia 22202 (703) 271-1020	
<u>Charlottesville</u> Des Raj Shemar 355 Merchant Walk Square Charlottesville, Virginia 22902 (434) 234-3239	

* These Franchisees are also Area Developers

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

(As of December 31, 2025)

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

Franchisees:

CALIFORNIA	
Amisha Pillay (408) 210-9345	Gopi Magam (415) 888-3191
WASHINGTON DC	
Ernie Harris/John Manecke* 520 Eighth St SE Washington DC 20003 (202) 798-1222	

* These Franchisees are still operational at another location

**LIST OF FRANCHISEES WHO HAVE SIGNED AGREEMENTS, BUT NOT YET OPENED
FOR BUSINESS**

(As of December 31, 2025)

Franchisees:

CALIFORNIA	
Preet Narang 2360 Shattuck Avenue Berkeley, California 94704 (510) 280-5441	

VIRGINIA	
Gurjit Singh Richmond Virginia (804) 401-0222	

FLORIDA	
George Margioulka Lakewood Ranch Florida (214) 402-4844	

* These Franchisees are also Area Developers

EXHIBIT I

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee acknowledges that it has received the OOC, Inc. Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S

HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE OOC INC'S AND ANY OF OOC INC'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

Initial

Please do not sign if the franchisee is a Maryland resident or if the franchised business will be located within the State of Maryland.

FRANCHISEE:

By: _____

_____,
(Print Name, Title)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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 states below:

State	Effective Date
Minnesota	Pending
Virginia	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.

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If OOC, Inc. d/b/a Extreme Pizza offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If OOC, Inc. d/b/a Extreme Pizza does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name, principal business address and telephone number of the franchise sellers for this offering are:

Todd Parent 1062 Folsom Street, San Francisco CA 94103 (415) 760-2203	Suzanne Duhig 1062 Folsom Street, San Francisco CA 94103 (415) 760-2203	Adam Thornton 1062 Folsom Street, San Francisco CA 94103 (415) 760-2203
John Meneche 1062 Folsom Street, San Francisco CA 94103 (415) 760-2203	Ernie Harris 1062 Folsom Street, San Francisco CA 94103 (415) 760-2203	

OOO, Inc. d/b/a Extreme Pizza authorizes the agents listed in Exhibit A to receive service of process for it.

I have received a disclosure document dated April 17, 2026, that included the following Exhibits:

A – List of State Administrators/Agents for Service of Process	E – Area Development Agreement
B – Table of Contents of Operations Manual	F – Sample Termination and Release Agreement
C – Financial Statements	G – State Specific Addenda
D – Franchise Agreement	H – Outlets and Franchisee Information
I- Franchisee Acknowledgement Statement	State Effective Dates

Issuance Date: April 17, 2026

Date Received: _____ DATE: _____

(If other than date signed)

(Signature of recipient)

(Printed name of recipient)

Legal residence address

KEEP FOR YOUR RECORDS

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If OOC, Inc. d/b/a Extreme Pizza offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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If OOC, Inc. d/b/a Extreme Pizza does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

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John Meneche 1062 Folsom Street, San Francisco CA 94103 (415) 760-2203	Ernie Harris 1062 Folsom Street, San Francisco CA 94103 (415) 760-2203	

OOO, Inc. d/b/a Extreme Pizza authorizes the agents listed in Exhibit A to receive service of process for it.

I have received a disclosure document dated April 17, 2026, that included the following Exhibits:

A – List of State Administrators/Agents for Service of Process	E – Area Development Agreement
B – Table of Contents of Operations Manual	F – Sample Termination and Release Agreement
C – Financial Statements	G – State Specific Addenda
D – Franchise Agreement	H – Outlets and Franchisee Information
I- Franchisee Acknowledgement Statement	State Effective Dates

Issuance Date: April 17, 2026

Date Received: _____ DATE: _____
(If other than date signed)

(Signature of recipient)

(Printed name of recipient)

Legal residence address

You may return the signed receipt by signing, dating and mailing it to **OOO, Inc. d/b/a Extreme Pizza** at 1062 Folsom Street, San Francisco CA 94103.