FRANCHISE DISCLOSURE DOCUMENT

VPC Pizza Franchise, LLC
a Delaware limited liability company
444 N. Michigan Avenue, Suite 1110
Chicago, Illinois 60611
(312) 701-1777
www.giordanos.com

VPC Pizza Franchise, LLC offers franchises to operate restaurants known as Giordano's® Restaurants ("**Giordano's® Restaurants**"). Giordano's® Restaurants specialize in the sale of stuffed and thin-crust pizza, pasta, sandwiches, salads and other related food products prepared and sold in a manner and pursuant to specific recipes, formulas, techniques, methods of operation, procedures and standards.

The total investment necessary to begin operation of a Giordano's® Restaurant franchise is between $645,000 and $940,000 for a Limited-Service Restaurant and between $1,401,000 and $1,835,000 for a Full-Service Restaurant. This includes an Initial Franchise Fee of $40,000 and payments for initial inventory totaling approximately $3,000 to $4,000 for a Limited-Service Restaurant and $10,000 to $20,000 for a Full-Service Restaurant that must be paid to Franchisor or affiliates.

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

You may wish to receive your Disclosure Document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Mr. Brent Johnson, President and Chief Financial Officer, VPC Pizza Franchise, LLC, 444 N. Michigan Avenue, Suite 1110, Chicago, Illinois 60611, (312) 589-3213.

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 contracts carefully. Show your contracts and this Disclosure Document to an advisor, like a lawyer or an accountant.

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

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

Issuance Date: October 26, 2017

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit H for information about the Franchisor or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO ARBITRATE OR LITIGATE WITH THE FRANCHISOR ONLY IN ILLINOIS. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN ILLINOIS THAN IN YOUR HOME STATE.

2. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective Date: See the next page for state effective dates.

GIORDANO'S® RESTAURANTS
STATE REGISTRATIONS

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

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

STATE	EFFECTIVE DATE
California	_____, 2017
Florida	_____, 2017
Hawaii	*Not Registered*
Illinois	_____, 2017
Indiana	_____, 2017
Maryland	*Not Registered*
Michigan	_____, 2017
Minnesota	_____, 2017
Nebraska	*Not Registered*
New York	*Not Registered*
North Dakota	*Not Registered*
Rhode Island	*Not Registered*
South Dakota	*Not Registered*
Utah	*Not Registered*
Virginia	*Not Registered*
Washington	_____, 2017
Wisconsin	_____, 2017

Issuance Date in the States Listed Below:
October 26, 2017

Alabama	Iowa	Montana	Oregon
Alaska	Kansas	Nevada	Pennsylvania
Arizona	Kentucky	New Hampshire	South Carolina
Arkansas	Louisiana	New Jersey	Tennessee
Colorado	Maine	New Mexico	Texas
Delaware	Massachusetts	North Carolina	Vermont
District of Columbia	Mississippi	Ohio	West Virginia
Georgia	Missouri	Oklahoma	Wyoming
Idaho			

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

1. Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(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, notation, 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.

2. A provision that permits a franchisor to terminate a franchise before 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.

3. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five 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 six months advance notice of the franchisor's intent not to renew the franchise.

4. 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.

5. 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.

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

Michigan Department of Attorney General
Consumer Protection Division
Attention: Franchise Section
525 W. Ottawa Street
Williams Building, 1st Floor
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

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

The Franchisor, VPC Pizza Franchise, LLC, is referred to as "**Franchisor**," "**we**," "**us**" or "**our**" in this Disclosure Document. Franchisor does business under the trade name of Giordano's® and Giordano's® Restaurant(s). "**You**" or "**Franchisee**" means the person who buys the right operate a Giordano's® Restaurant from Franchisor. If you are a corporation, partnership, limited liability company or other entity, certain provisions of your Franchise Agreement will also apply to your owners.

Franchisor is a Delaware limited liability company formed on November 22, 2011. Franchisor's current principal business address is 444 N. Michigan Avenue, Suite 1110, Chicago, Illinois 60611. Franchisor's agents for service of process are listed in Exhibit H attached to this Disclosure Document. Franchisor conducts business under its corporate name and under the trade name and service mark "Giordano's®" and associated logos, designs, symbols and trade dress (see Item 13 of this Disclosure Document).

The Giordano's® concept was founded in 1974, when the first Giordano's® Restaurant opened in Chicago, Illinois. Our predecessor, Giordano's Enterprises, Inc. ("**GEI**"), 740 North Rush Street, Suite 400, Chicago, Illinois, began offering franchises for Giordano's® Restaurants in 1980. Its affiliates (through common ownership) owned and operated eight Giordano's® Restaurants in Illinois and three Giordano's® Restaurants in Florida. Of these locations, five Restaurants were operated as joint ventures with third parties. GEI did not operate any of these Giordano's® Restaurants. In 2011, GEI's affiliates sold their ownership interests in these Restaurants to its joint venture partners; and GEI acquired three Giordano's® Restaurants owned by one of its franchisees.

On February 17, 2011, GEI and several of its affiliates filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code (see Item 4 of this Disclosure Document). GEI subsequently entered into an Asset Purchase Agreement, dated October 18, 2011, to sell substantially all of the restaurant-related assets, including all of the Franchise Agreements held by GEI. The Bankruptcy Court approved the Asset Purchase Agreement by order dated October 25, 2011. The transaction approved by the Bankruptcy Court closed in November 2011 (the "**Acquisition Transaction**"). As a result of the Acquisition Transaction, our affiliate VPC Pizza Operating Corp. acquired the Giordano's® Restaurants owned by GEI and its affiliates, and we became the franchisor of Giordano's® Restaurants.

Franchisor's Parents, Predecessors and Affiliates

Except as disclosed in this Item, we do not have any parents, predecessors or affiliates required to be disclosed in this Item. We are affiliated (through common ownership) with the following entities:

Franchisor is a wholly-owned subsidiary of VPC Pizza Operating Corp., a Delaware corporation with the same principal business address as Franchisor, formed on November 22, 2011. VPC Pizza Management, LLC ("**VPC Mgmt**"), a Delaware limited liability company formed on November 22, 2011, is an affiliate of Franchisor with the same principal business

address as Franchisor. As of the end of Franchisor's 2016 fiscal year, VPC Pizza Operating Corp. owned and VPC Mgmt managed 28 "company-owned" Giordano's® Restaurants (see above in this Item and Item 20).

Americana Commissary, LLC ("**Americana**") is a Delaware limited liability company formed in November 2011 as a wholly-owned subsidiary of VPC Pizza Operating Corp. with its principal business address at 2206 S. Busse Rd., Mount Prospect, Illinois 60056. Americana sells products to our franchisees and the Giordano's® Restaurants that our affiliates own and operate (see Item 8 of this Disclosure Document). Americana's predecessor, Americana Foods, Inc., 740 North Rush Street, Chicago, Illinois 60611, had been in business since 1982, and sold products to Giordano's® Restaurant franchises and the affiliate-owned Giordano's® Restaurants until the closing of the Acquisition Transaction described above in this Item. Neither Americana nor Americana Foods, Inc. has ever offered franchises in any line of business.

Except as described in this Item, we do not have any affiliates that provide products or services to our franchisees, and none of our predecessors or affiliates has ever offered franchises in any line of business.

Giordano's® System

Giordano's® Restaurants are restaurants that specialize in the preparation and sale of stuffed deep dish pizza and thin-crust pizza, pasta, sandwiches, salads, appetizers and other related food products prepared and sold in a manner and pursuant to specific recipes, formulas, techniques, methods of operation, procedures and standards for on and off premises consumption, and which serve alcoholic beverages for on premises consumption (a **"Giordano's® Restaurant**" or "**Restaurant**"). Giordano's® Restaurants operate under the service mark and trade name "Giordano's®" and other associated logos, designs, artwork and trade dress, trademarks, service marks, commercial symbols, and e-names, which have gained and continue to gain public acceptance and goodwill (the "**Marks**") and under distinctive business formats, methods, procedures, designs, layouts, signs, equipment, menus, recipes, trade dress, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time (the "**System**"). You will be required to follow Franchisor's alcoholic beverage program, so you must obtain an alcoholic beverage license that enables you to serve alcoholic beverages on the premises of your Restaurant. Franchisor in its discretion may determine that certain Limited Service Restaurants are not required or permitted to serve alcoholic beverages. We may vary this requirement in certain jurisdictions where we believe obtaining such a license is not commercially feasible.

Franchise Program

Franchisor grants to persons who meet its qualifications and who are willing to undertake the investment and effort a franchise for the right to own and operate a Giordano's® Restaurant (the "**Franchise**") at a single location evaluated by Franchisor. Franchisor's current form of the Franchise Agreement (the "**Franchise Agreement**") is attached to this Disclosure Document as Exhibit A.

Franchisor's Business

We do not engage in any other business activities and do not currently offer franchises in other lines of business. We have conducted (through our affiliates) a business of the type to be operated by you since the Acquisition Transaction described above in this Item closed in November 2011.

Competition

You will be competing with other restaurants, including casual restaurants, fast food restaurants, restaurants that offer carry-out and delivery services, and full-service restaurants, that offer pizza and other Italian-style menu items. These restaurants may be associated with national or regional chains, or may be local independent restaurants and other businesses. You also will be competing with other food service outlets, grocery stores and specialty stores that feature products and services similar to those offered by Giordano's® Restaurants. Your products and services will be offered to the general public, to individual consumers, for on-site consumption, carry out and if authorized by us delivery and catering. The market for Giordano's® Restaurants is developed in some areas and developing in other areas, depending on the number of this type of restaurant in the particular area.

Regulations

There are no regulations specific to the industry in which Giordano's® Restaurants operate, although you must comply with all local, state and federal, liquor licensing, health, sanitation and environmental laws that apply to restaurant operations. You will also be required to comply with workers' compensation, equal protection and workplace safety laws and regulations, including Title VII, and the Americans with Disabilities Act.

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 and sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. State, federal, and local regulations may require you to disclose the nutritional content of certain food items. Additionally, some state and local authorities have also adopted, or are considering adopting, laws or regulations that would affect the content or make-up of food served in restaurants, such as the level of trans fats contained in a food item. Some states also have laws regulating the handling of food and food products. The Federal Clean Air Act and various implementing state 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 omissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

You should consider these laws and regulations when evaluating your purchase of a Giordano's® Restaurant Franchise.

Area Development Agreement

If you meet the qualifications established by Franchisor, and subject to Franchisor's consent which can be withheld in its discretion, you may enter into an Area Development Agreement for the development of multiple Giordano's® Restaurants in a designated geographic area called a "**Development Area**." Under the Area Development Agreement, you must develop in your Development Area an agreed upon number of Giordano's® Restaurants within a specified period of time. For each Giordano's® Restaurant you develop under the Area Development Agreement, you must sign the then-current standard Franchise Agreement, which may differ from the form of Franchise Agreement that is attached as an exhibit to this Disclosure Document. The amount of the Initial Franchise Fee paid when you sign the then-current Franchise Agreement and the percentage of your weekly Gross Revenues payable to Franchisor for the Continuing License Fee, however, will be governed by the terms of the Area Development Agreement (see Item 5 and Item 6 below in this Disclosure Document).

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer: Yorgo Koutsogiorgas

Mr. Koutsogiorgas has been our Chief Executive Officer and the Chief Executive Officer for VPC Pizza Operating Corp. (Chicago, Illinois) since March 2012. He was previously our President and the President of VPC Pizza Operating Corp. from March 2012 until July 29, 2016. Previously, he was the President and Chief Operating Officer of Austin Entertainment Center, LP (San Francisco, California) from January 2005 to February 2012.

President and Chief Financial Officer: Brent Johnson

Mr. Johnson has been our President and the President of VPC Pizza Operating Corp. (Chicago, Illinois) since July 29, 2016. He has also been our Chief Financial Officer and the Chief Financial Officer for VPC Pizza Operating Corp. since February 2012. Previously, he was the Vice President of Financial Planning and Strategy for Culligan International Company (Rosemont, Illinois) from July 2010 to August 2011. Mr. Johnson was the Senior Vice President of Finance for Movie Gallery (Wilsonville, Oregon) from November 2008 until February 2010. He was the Vice President of Planning and Strategy for Yum! Restaurants International (Plano, Texas) from May 2005 to October 2008.

Chief Operating Officer: Michael Dean

Mr. Dean has been our Chief Operating Officer since March 2016. Before that, he held various positions with Darden Restaurants, Inc. which is headquartered in Orlando Florida, including Senior Vice President - Chicago Division from November 2014 until March 2016, Regional Vice President - California from June 2012 until November 2014, and Director of Operations from June 2008 until June 2012.

Vice President of Human Resources: John Drummond

Mr. Drummond has been our Vice President of Human Resources since April 2017. Previously, he was the Senior Director of Human Resources for TGI Friday's (Dallas, TX) from February 2011 until April 2017.

Director of Operations, Franchise Restaurants: Thomas Fife

Mr. Fife has been our Director of Operations, Franchise Restaurants since March 2016. He has also been the Director of Franchise Operations for VPC Mgmt since August 2012. Before that, he was a General Manager for Go Roma Italian Kitchen (Chicago, Illinois) from September 2006 until August 2012.

Vice President of Supply Chain and Ecommerce: Martha Spezia-Lashley

Ms. Spezia-Lashley has been our Vice President of Supply Chain and Ecommerce since May of 2015 and previously was our Vice President of Purchasing from January 2015 until May 2017. Before assuming her current position with us, she was the Vice President of Purchasing for Levy Restaurants/Compass Group (Chicago, Illinois) from February 2011 to January 2015. Ms. Spezia-Lashley was the Vice President of Purchasing at Flying Food Group (Schiller Park, Illinois) from February 2010 to February 2011.

Vice President of Real Estate & Development: Mark Nelson

Mr. Nelson has been our Vice President of Real Estate & Development since March 2015. Previously, he was the Owner of and a Broker for Nelson Commercial Real Estate LLC (Cedarburg, Wisconsin) from March 2002 until March 2015. He was also the Senior Director of Real Estate for American Blue Ribbon Holdings, LLC (Nashville, Tennessee) from March 2012 to March 2015.

Vice President of Technology: Michael Stano

Mr. Stano has been our Vice President of Technology since March 2013. Before assuming his current position with us, he was the Chief Technology Officer for Highgate Hotels (New York, New York) from February 2012 until March 2013. Mr. Stano was the Chief Information Officer at Joie de Vivre Hotels (San Francisco, California) from January 2006 to February 2012.

Chief Culinary Officer: Russell Bry

Mr. Bry has been our Executive Chef since April 2012. He was the Head of Culinary Opportunities for Standard Market (Westmont, Illinois) from May 2011 until he joined us in April 2012. Before that, Mr. Bry was the Director of Culinary for Forklift Brands (San Francisco, California) from 2005 until October 2008. He was a founder of the Go Roma Italian Kitchen concept in January 2005. Mr. Bry was employed by Lettuce Entertain You Enterprises (Chicago, Illinois) as its Corporate Chef from July 1985 until January 2005.

Director of Training: Erin Hardy

Ms. Hardy has been our Director of Training since March 2016. Before that, she was the Operations Training Manager for Longhorn Steakhouse (Orlando, Florida) from February 2014

until January 2016; the New Restaurant Opening Manager for Darden Restaurants (Orlando, Florida) from July 2012 until February 2014; and the Division Training Manager for Olive Garden Restaurants (Orlando, Florida) from July 2010 until July 2012.

ITEM 3
LITIGATION

Philip V. Martino, not individually but solely as Chapter 11 Trustee, v. B. Allen Aynessazian, Joseph Locascio, Eat Pizza in Brandon, Inc., Eat Pizza, Inc., Eat at Joe and Al's, Inc., Eat at Joe's, Inc., Eat Pizza in Port Richey, Inc., Eat at Joe's II, Inc., Eat Pizza on Dale Mabry, Inc., Eat Pizza in Downtown Naperville, Inc., Peter Skiouris, Jason's Pizza, Inc., J.B.A., Inc., Athena's Best Pizza, Inc., Marie's Best Pizza, Inc., Constantinos Alexakos, Milton Alexakos, John Nikolopoulos, Laganes, LLC, Jose Centeno, Kimberly Centeno, Centos, Inc., Centos & Sons, Inc., Ascencion Centeno, For Love of Pizza, Inc., Stephanos Vaiopouls, John Daoulas, Stefano's Pizza on Sheridan, Inc., Leonidas Theodorpopoulos, Morton North, Inc., Pizza Best, Inc., Downers CMJ, Inc., Rafeal Centeno, Amy Centeno, Cara Sales, Inc., Ramiz Mareewa, Rambo's Pizza of Fox Lake, Inc., Rambo's Pizza of Lake Zurich, Inc., Stanley Kondiles, Dimitri Dimitropoulos, Dimitri Dimitri, Anthony Prokos, SKDD Pizza, Inc., Giordano's of Westchester, Inc., Ted Mavrakis, Mt. Prospect Venture, Inc., Best Pizza, Inc., Anthanassios Kourliouros, Randall Third, Inc., Best in Town, Inc., Grand West, Inc., in the United States Bankruptcy Court for the Northern District of Illinois (Adversary Proceeding Case No. 11-01610). On July 27, 2011, GEI and its affiliates, through the Bankruptcy Trustee, filed an adversary proceeding against a group of its franchisees that had filed claims against GEI and its affiliates in the main bankruptcy proceeding (the "**Franchisee Group**"). The Trustee alleged in his Complaint that the members of the Franchisee Group conspired to hinder an effective reorganization of GEI and the sale of its assets via a "royalty strike" and other concerted actions. The Trustee requested entry of an injunction forcing the Franchisee Group to cease their interference with the sale process and to stop inducing further breaches of franchisees' royalty obligations to GEI, among other things. GEI also sought a money judgment against members of the Franchisee Group for unpaid past royalties and for amounts due to GEI's commissary affiliate, Americana Foods, Inc., along with an award of damages arising from the Franchisee Group's collective violation of the bankruptcy automatic stay (see Item 4 of this Disclosure Document for additional information regarding the bankruptcy proceeding). Under a motion approved by the Court on May 15, 2013, the parties agreed to settle both this litigation and the proofs of claim filed in the bankruptcy proceeding. In the settlement, the Franchisee Group agreed to pay all amounts due; GEI agreed to provide them with a credit if the overdue amounts are paid on time; GEI agreed to enable them to produce certain proprietary items on certain conditions and to purchase certain supplies from other approved suppliers if they meet certain conditions; and GEI agreed to reduce maximum advertising fund contributions and to work with an advisory council. GEI and the Franchisee Group also agreed to extend their Franchise Agreements for a period of 10 years from the later of the bankruptcy court order or their existing expiration dates.

Giordano's Enterprises, Inc. v. Rick Perez and Sophie Perez, in the Circuit Court of Cook County, Illinois (Case No.: 03CH12979). On August 5, 2003, GEI filed a Complaint against franchise owners Rick Perez and Sophie Perez (collectively, "**Perez**"), seeking a declaratory judgment that GEI (1) was not obligated to accept an unapproved transfer of the Franchise

Agreement to a third party; and (2) properly terminated the Franchise Agreement. Perez filed two counterclaims against GEI, alleging that GEI breached the Franchise Agreement and violated certain provisions of the Illinois Franchise Disclosure Act. Because it found evidence that GEI implicitly accepted the transfer, the Court ruled that Perez's actions did not constitute good cause for termination of the Franchise Agreement and entered judgment against GEI in the amount of $49,915.58, plus costs, on May 26, 2009.

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

ITEM 4
BANKRUPTCY

On February 17, 2011, GEI and several of its affiliates filed voluntary petitions to reorganize under Chapter 11 of the U.S. Bankruptcy Code, Case Number 11-06098, U.S. Bankruptcy Court, Northern District of Illinois, Eastern Division. Just before the deadline for filing proofs of claim in the Chapter 11 case, certain Giordano's® Restaurant franchisees (the "**Claims Group**") filed largely identical claims against GEI and Americana Foods, Inc., contending that GEI breached the Franchise Agreements before the Petition Date (and continued to violate the Franchise Agreements on a post-petition basis) by allegedly charging too much for commissary products, not uniformly enforcing the terms of the Franchise Agreements, failing to render adequate training and services to the franchisees, and permitting the menu to become dated and stale. On July 27, 2011, GEI, through the Trustee, sued the Claims Group for conspiracy to hinder an effective reorganization of GEI and sale of its assets via a "royalty strike" and other concerted actions (see Item 3 of this Disclosure Document). GEI continued to operate post-petition under bankruptcy court supervision, until the sale of GEI's assets on a going-concern basis (see Item 1 for a description of the sale of GEI's restaurant-related assets, including the Franchise Agreements). See Item 3 for a description of the settlement of this claim.

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

ITEM 5
INITIAL FEES

Initial Franchise Fee

The Initial Franchise Fee for a single Limited-Service or Full-Service Restaurant is $40,000, and is payable in full when you sign the Franchise Agreement. A Restaurant that seats up to 20 customers or is between 900-1,800 square feet in area is a limited-service restaurant (a "**Limited-Service Restaurant**"). A Restaurant which seats more than 20 customers or is between 3,500-4,500 square feet in area is a full-service restaurant (a "**Full-Service Restaurant**"). Unless otherwise specified, all references in this Disclosure Document to a Giordano's® Restaurant or a Restaurant will include a Limited-Service Restaurant and a Full-Service Restaurant. We charge the Initial Franchise Fee uniformly to all franchisees. The Initial Franchise Fee is fully earned when paid and non-refundable.

Franchisor currently requires you to establish an inventory of, and purchase before the opening of your Restaurant, certain specially formulated proprietary products, Franchisor's secret spice blend and other proprietary products, and Giordano's® brand name products only from

Americana. The amount you are required to spend on these purchases will vary depending on the size of your Restaurant, but they are estimated to range from $3,000 to $4,000 for Limited-Service Restaurants and from $10,000 to $20,000 for Full-Service Restaurants, for the initial opening of your Restaurant. Americana charges each Restaurant the same price for each product required to be purchased from Americana. All payments to Americana are fully earned when paid and non-refundable.

Development Fee

If you sign an Area Development Agreement, you must also pay Franchisor a non-refundable Development Fee equal to $20,000 multiplied by the number of Restaurants that you must develop under the Area Development Agreement. You will pay the Development Fee in full when you sign the Area Development Agreement.

You will sign a separate Franchise Agreement for each Restaurant you develop under the Area Development Agreement and, in addition to the Development Fee, you must pay a non-refundable Initial Franchise Fee for each Restaurant you develop in the Development Area. The Initial Franchise Fee you are required to pay for each Restaurant will be the amount stated in the then-current form of Franchise Agreement executed in accordance with the Development Schedule, less $20,000.

You will pay the Initial Franchise Fee each time you sign a Franchise Agreement for each Restaurant you develop according to the Development Schedule in the Area Development Agreement. You must sign your first Franchise Agreement when you sign the Area Development Agreement.

ITEM 6
OTHER FEES

FRANCHISE AGREEMENT

Type of Fee (1)	Amount	Due Date	Remarks
Continuing License Fee	6% of Gross Revenues (2)(8)	Wednesday of each week for Gross Revenues during the preceding week.	Continuing License Fees must be accompanied by a statement of daily Gross Revenues in such form and detail as Franchisor requires.
Advertising Fee (3)(4)	Up to 3% of Gross Revenues (currently 2% of Gross Revenues)	Wednesday of each week for Gross Revenues during the preceding week.	Percentage may be increased up to 3% of Gross Revenues by Franchisor upon not less than 30 days written notice to you (see Item 11).

Type of Fee (1)	Amount	Due Date	Remarks
Local Advertising (5)	Minimum of $1,000 per month.	Payable as incurred.	Paid to vendors of approved forms of local advertising, including telephone and online directory listing.
Cooperative Advertising (5)	Amount determined by Local Co-op.	Payable as agreed.	Paid to local or regional advertising cooperative of Giordano's® Restaurant franchisees, if applicable.
Grand Opening Advertising	At least $15,000 for a Limited-Service Restaurant or $20,000 for a Full-Service Restaurant.	Must be spent during the period beginning one month before opening and ending five months after opening.	Payable as incurred to vendors of approved grand opening advertising.
Additional and Remedial Training or Guidance	$500 per eight-hour day for each representative of Franchisor conducting such training, plus all costs of travel, food, lodging and other incidental expenses incurred by Franchisor's representatives.	Payable as incurred.	Franchisor provides initial training at no cost to you or the supervisory personnel you are required to maintain according to the Franchise Agreement and Franchisor's guidelines.
Transfer Fee	50% of the then-current Initial Franchise Fee.	$2,500 deposit due at the time of the request to transfer. The remaining fee is due before transfer. A portion of the deposit may be refundable if the transfer does not occur.	Needs Franchisor's prior approval.
Relocation Fee	50% of the then-current Initial Franchise Fee.	On the date you receive approval from Franchisor to relocate the Restaurant to a new location.	Payable only if you request and receive approval from Franchisor to relocate the Restaurant.
Late Charges	The lesser of 2% per month, or the highest rate allowed by law.	As incurred.	The late charge will accrue from the date any payment was due until the payment is actually received by Franchisor.

Type of Fee (1)	Amount	Due Date	Remarks
Audit (6)	Any discovered deficiency, plus late charges.	Within seven days after receipt of the audit report.	If the audit is necessary due to your failure to furnish information on a timely basis or if the audit reveals an understatement of Gross Revenues for any period of greater than 2%, you must pay for the cost of the audit.
Quality Assurance Costs	Amount incurred for inspections, quality assurance programs and secret shopper visits.	Within 10 days after receipt of an invoice.	Payments for quality assurance monitoring will not exceed $1,000 per quarter.
Renewal Fee	15% of then-current Initial Franchise Fee.	At the time you sign Franchisor's then-current Franchise Agreement in connection with the renewal.	If you are in compliance with the Franchise Agreement, then after expiration of the initial 10-year term, you will have the option to renew the Franchise for two additional five-year terms.
Management Services	$500 per eight-hour day for each representative of Franchisor conducting such management services, plus all costs of travel, food, lodging and other incidental expenses incurred by Franchisor's appointed manager.	Upon demand.	Franchisor may appoint a manager for you if you are in default under the Franchise Agreement or if you do not have a satisfactory manager who has completed Franchisor's training program.
Consideration of Proposed Suppliers	All reasonable costs related to the testing and approval of a supplier proposed by you.	30 days after billing.	
Equipment Fees	Franchisor intends to commence charging for upgraded commissary ordering costs, estimated to range from $600 to $1,200 annually.	30 days after receipt of invoice from Franchisor indicating the amount owed, or as incurred.	Franchisor can charge you for the costs associated with your Equipment and updating, upgrading or replacing your Equipment.

Type of Fee (1)	Amount	Due Date	Remarks
Website Fees	If imposed, amount incurred by Franchisor for the Giordano's® Website (7).	30 days after receipt of invoice from Franchisor indicating the amount owed, or as incurred.	Franchisor can charge you for the costs associated with the maintenance or enhancement of the content, features and functions of the Giordano's® Website.
Program Fees	If imposed, amount incurred by Franchisor for gift certificate, gift card, loyalty and online programs for Giordano's® Restaurants (7).	30 days after receipt of invoice from Franchisor indicating the amount owed, or as incurred.	Franchisor can charge you for the costs associated with gift certificate, gift card, loyalty and online programs and promotions for Giordano's® Restaurants.
Information Technology Fees	Costs and expenses incurred by Franchisor, including, if the services are provided by employee(s) of Franchisor, a per diem fee of $500 per employee.	Upon demand.	If you fail to establish and maintain an IT support relationship with a qualified employee, contractor, supplier or vendor, Franchisor can arrange for the necessary information technology support and services required for your Restaurant.
Remodeling and Maintenance	Reimbursement of all costs and expenses incurred by Franchisor.	Upon demand.	If you fail to remodel, repair, redecorate or otherwise maintain the Restaurant as required, Franchisor may, but is not required to, arrange for the completion of such actions and you must reimburse Franchisor.
Indemnification	Will vary under circumstances.	As incurred.	You have to reimburse us if we are held liable for claims arising from your Restaurant's operations.
Costs and Attorneys' Fees	Will vary under circumstances.	As incurred.	Reimbursement to us for all costs and expenses incurred if we prevail in any proceeding enforcing of the terms of your Franchise Agreement.

AREA DEVELOPMENT AGREEMENT

Type of Fee (1)	Amount	Date Due	Remarks
Transfer Fee	Reimbursement of all of Franchisor's costs and expenses associated with the transfer.	$2,500 deposit due at the time of the request to transfer. The remaining fee is due before transfer. A portion of the deposit may be refundable if the transfer does not occur.	Needs Franchisor's prior approval.
Extension Fees	$10,000	Payable when you request an extension of a deadline in the Development Schedule of your Area Development Agreement.	You can request one 60-day extension of each deadline in the Development Schedule in the Area Development Agreement. If you request a 60-day extension of any deadline in the Development Schedule, an Extension Fee of $10,000 must accompany each extension request you make to Franchisor.

Notes:

(1) All fees are imposed by and are payable to Franchisor at its principal business address. All fees are non-refundable unless otherwise noted. Different versions of the Franchise Agreement and Area Development Agreement from prior years contain different fees, due dates and fee amounts, including a lower percentage for the Continuing License Fee and an Advertising Fee capped at 2%. Unless otherwise specified in this Disclosure Document, the fees payable under the current Franchise Agreement and Area Development Agreement disclosed in this Item are uniformly imposed by Franchisor.

(2) "**Gross Revenues**" includes all sales, monies, revenues, charges, and receipts received by Franchisee including sales, monies, revenues, charges, and receipts received by any other person which are derived from products prepared or sold and services performed at the Restaurant whether or not paid to or received by Franchisee, at special events or from catering and from all sales and orders made, solicited or received at the Restaurant or at special events and from all other business conducted at or from the Restaurant or related in any way to the Restaurant, including pick-up and delivery of products, and whether such revenues are evidenced by cash, credit (and regardless of collection in the case of credit), checks, gift certificates, scrip, coupons, services, property or other means of exchange, and whether such sales are of food, beverages, tobacco products,

vending or coin operated machine items, services, merchandise or products of any nature whatsoever. However, Gross Revenues do not include (a) sales taxes or other taxes measured on the basis of the Gross Revenues of the business imposed by governmental authorities directly on sales and collected from customers, provided the taxes are added to the selling price and are in fact, paid by Franchisee to the appropriate governmental authorities; or (b) promotional discounts and coupons authorized by Franchisor, not to exceed 5% of weekly Gross Revenues (the "**Discount**"). Franchisor may increase the Discount for special promotions that it approves in writing.

(3) Franchisor reserves the right, by written notice to you, to waive all or part of the Advertising Fee during any period in which Franchisor's sales promotions program is or will be inactive, but any such waiver is without prejudice to Franchisor's right to reinstate the Advertising Fee by prior written notice to you of the reactivation of the program.

(4) Franchisees with Giordano's® Restaurants in the Chicago urban/suburban area pay Advertising Fees currently capped at 2% of their Gross Revenues consistent with the settlement agreement reached with the Franchisee Group in the lawsuit disclosed in Item 3 of this Disclosure Document. Certain franchisees with Giordano's® Restaurants outside the Chicago urban/suburban area do not currently pay Advertising Fees, and instead are required to make increased monthly local advertising expenditures.

(5) If an association of Giordano's® Restaurant franchisees is established in a geographic area in which your Restaurant is located, you must join and actively participate in the local co-op. You must contribute to the local co-op such amounts as are determined from time to time by it. We will not set the amount of those contributions and there is no limit. However, your local advertising requirement will be reduced by the amount that you contribute to any local co-op, up to the full amount of your local advertising requirement.

(6) If the auditor is unable to complete an audit due to your failure to maintain adequate and proper records or data, your Gross Revenues will be presumed to be 20% more than reported by you, and additional Continuing License Fees and Advertising Fees will be due on that amount.

(7) If your Restaurant is located outside the Chicago urban/suburban area and the payment of Advertising Fees is deferred or reduced, you may be required to pay Franchisor Website Fees and Program Fees estimated to range from $5,000 to $10,000 annually.

(8) If you sign an Area Development Agreement, then for the second and each subsequent Franchise Agreement you sign for the Restaurants you must develop under the Area Development Agreement, you will pay weekly Continuing License Fees at the rate specified in the Franchise Agreement for your first Restaurant, even if the Continuing License Fees in subsequent Franchise Agreements differ. You will pay all other Fees in the amounts specified in each Franchise Agreement that you sign for the Restaurants you develop under the Area Development Agreement.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Limited-Service Restaurant:

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (1)	$40,000	$40,000	Lump Sum	See Item 5	Franchisor
Leasehold Improvements (2)	$353,000	$529,000	As Agreed	Before Opening	Third Parties
Furniture, Fixtures, Equipment & Fees (3)	$186,000	$278,000	As Agreed	Before Opening	Third Parties
Initial Inventory (4)	$3,000	$4,000	Lump Sum	Before Opening	Americana and Third Parties
Security Deposits and Advance Rent (5)	$10,000	$20,000	Lump Sum	Before Opening	Third Parties
Grand Opening Advertising (6)	$15,000	$15,000	As Agreed	As Incurred	Third Parties
Miscellaneous Start-Up Costs (7)	$30,000	$40,000	As Agreed	As Incurred	Third Parties
Additional Funds - 3 Months (8)	$8,000	$14,000	As Agreed	As Incurred	Third Parties
TOTAL (9)(10)(11)	**$645,000**	**$940,000**			

Full-Service Restaurant:

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (1)	$40,000	$40,000	Lump Sum	See Item 5	Franchisor
Leasehold Improvements (2)	$925,000	$1,190,000	As Agreed	Before Opening	Third Parties
Furniture, Fixtures, Equipment & Fees (3)	$322,000	$409,000	As Agreed	Before Opening	Third Parties
Initial Inventory (4)	$10,000	$20,000	Lump Sum	Before Opening	Americana and Third Parties
Security Deposits and Advance Rent (5)	$15,000	$25,000	Lump Sum	Before Opening	Third Parties
Grand Opening Advertising (6)	$20,000	$20,000	As Agreed	As Incurred	Third Parties
Miscellaneous Start-Up Costs (7)	$50,000	$100,000	As Agreed	As Incurred	Third Parties
Additional Funds - 3 Months (8)	$19,000	$31,000	As Agreed	As Incurred	Franchisor and Third Parties
TOTAL (9)(10)(11)	**$1,401,000**	**$1,835,000**			

CAUTION: THESE FIGURES ARE ESTIMATES ONLY. WE CANNOT GUARANTEE THAT YOU WILL NOT HAVE ADDITIONAL EXPENSES IN STARTING YOUR RESTAURANT BUSINESS. THE ESTIMATED EXPENSES VARY DUE TO NUMEROUS FACTORS OUTSIDE OF FRANCHISOR'S CONTROL. SEE NOTES FOR MORE INFORMATION.

(1) The Initial Franchise Fee is non-refundable under any circumstances.

(2) The Restaurant must be constructed according to the plans and specifications approved by Franchisor. The costs of such construction and decorating vary greatly depending upon the size, condition, configuration, and geographical location of the Restaurant premises, as well as local zoning and building ordinances, labor and material costs, and other economic factors.

(3) The required purchase and installation of all furniture, fixtures, equipment and signs necessary to open and operate the Restaurant must be in compliance with standards of Franchisor. Such items may include kitchen and bar equipment, furniture and millwork, decor items and faux finishes, point of sale computerized cash register system, sound system, miscellaneous office furniture, equipment and safe, architectural/engineering fees, and construction permits and licenses. The cost of such items will vary depending upon the size, condition, configuration and geographical location of the Restaurant as well as transportation costs, labor costs, and other economic factors. No coin-operated vending devices of any kind, newspaper racks, telephone booths, rides or other coin-operated machines (other than a coin-operated telephone which meets specifications) may be installed or operated at the Restaurant.

(4) You must purchase an opening inventory of products and other supplies and materials. You must purchase from such distributors and other suppliers as are approved by Franchisor, all products, supplies and packaging or other materials which meet Franchisor's standards and specifications. Your shipping and handling costs may be higher if your Giordano's® Restaurant is located outside of the state of Illinois.

(5) You will generally be required to make certain security deposits for the occupancy of a site. Deposits typically depend on the size, condition and location of the premises as well as your financial status. A typical lease calls for a deposit equal to one month's rent plus one month's rent in advance. The premises required for a Giordano's® Restaurant will be approximately 900 to 4,500 square feet in size in an area zoned for commercial use. Franchisor estimates that rental rates for such properties will range from $20 to $40 per square foot, depending on location.

(6) You must spend a minimum of $15,000 for a Limited-Service Restaurant or $20,000 for a Full-Service Restaurant on approved grand opening advertising. This amount must be spent during the period commencing one month before the opening of your Restaurant and ending five months after the opening of your Restaurant.

(7) Miscellaneous start-up costs include such items as pre-opening salaries and wages of employees, wages, travel and living expenses of employees who attend the initial training progam, operating licenses, initial insurance premiums, legal and accounting expenses as well as other start-up operating costs.

(8) This estimates other start-up expenses for the Restaurant's first three months of operation. These expenses include payroll costs, utilities, advertising expenditures, fees payable under the Franchise Agreement and other miscellaneous operating costs. These figures are estimates and Franchisor cannot guarantee that you will not have additional expenses starting the business. Your costs will depend upon various factors including your adherence to Franchisor's methods and procedures; your management skills, experience and business acumen; local economic conditions; the local market for the product; the prevailing wage rate; competition; and the sales level reached during the initial period.

(9) The figures set forth in the above table are estimates only for a Restaurant with leased premises, and do not include the real estate (land and building) costs. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

(10) All fees and payments are non-refundable unless otherwise noted. Franchisor does not offer direct or indirect financing.

(11) Your estimated initial expenditures if you sign an Area Development Agreement are as disclosed in the chart, except you must also pay Franchisor a non-refundable Development Fee equal to $20,000 multiplied by the number of Giordano's® Restaurants that you must develop under the Area Development Agreement. You must pay the Development Fee in full when you sign the Area Development Agreement. You must sign a separate Franchise Agreement for each Giordano's® Restaurant you develop under the Area Development Agreement, and in addition to the Development Fee, you must pay a non-refundable Initial Franchise Fee for each Giordano's® Restaurant you develop in your Development Area (see Item 5). You will pay the applicable Initial Franchise Fee each time you sign a Franchise Agreement for a Restaurant you develop according to the Development Schedule in the Area Development Agreement. You must sign your first Franchise Agreement and pay an Initial Franchise Fee of $20,000 when you sign the Area Development Agreement.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Us

Franchisor currently requires you to purchase certain specially formulated proprietary products; Franchisor's secret spice blend ("**Spice**") and other proprietary products; and Giordano's® brand name ("**Giordano's®**") products only from Franchisor's affiliate, Americana (see Item 1 of this Disclosure Document). These products include thin crust pizza sauce containing Franchisor's Spice, stuffed deep dish pizza sauce containing Franchisor's Spice,

marinara and meat sauces containing Franchisor's Spice, pizza dough containing specially formulated flour, Giordano's® sausage, Giordano's® tomato products, Giordano's® salad dressings and other cold mixed sauces made from secret recipes, various soups freshly prepared and containing Franchisor's Spice, Italian roast beef and gravy made from a secret recipe, and a specific brand of mozzarella cheese. Franchisor will provide you with a list of such designated, proprietary and Giordano's® products that must be purchased from Americana. In the best interest of the System, Franchisor specifically reserves the right to update and change this list. For Limited-Service Restaurants, purchases from Franchisor, or any of its affiliates, represent approximately 7% to 8% of your total purchases to establish your Restaurant and about 65% to 75% of your total annual purchases to operate your Restaurant. For Full-Service Restaurants, purchases from Franchisor, or any of its affiliates, represent approximately 4% to 5% of your total purchases to establish your Restaurant and about 55% to 65% of your total annual purchases to operate your Restaurant. During 2016, Americana received $10,932,906 for purchases by franchisees. This amounted to approximately 43.9% of Americana's total 2016 revenues of $24,919,745.

Approved Suppliers

In order to maintain the quality of the goods and services sold by Giordano's® Restaurants and the reputation of Giordano's® Restaurants, Franchisor will review and approve suppliers and distributors of the products, materials, equipment, and supplies used in the operation of Giordano's® Restaurants that meet Franchisor's standards and requirements, including standards and requirements, product quality, uniformity, prices, consistency, reliability, financial capability, labor relations and customer relations. You must purchase all products, materials and supplies only from distributors and other suppliers approved by Franchisor. For Limited-Service Restaurants, required purchases from approved suppliers, including us or our affiliates, represent approximately 10% to 11% of your total purchases in connection with the establishment of your Restaurant and approximately 80% to 90% of your overall annual purchases in operating the Restaurant. For Full-Service Restaurants, required purchases from approved suppliers, including us or our affiliates, represent approximately 6% to 7% of your total purchases in connection with the establishment of your Restaurant and approximately 80% to 90% of your overall annual purchases in operating the Restaurant.

There are no suppliers in which any of Franchisor's officers own an interest. Americana is a wholly-owned subsidiary of our parent, VPC Pizza Operating Corp. (see Item 1 of this Disclosure Document).

Standards and Specifications

For each Franchise granted, Franchisor sets minimum quality standards and specifications for almost all facets of the Giordano's® Restaurant, including equipment, signage, layout design, decor, furniture, fixtures, furnishing, inventory supplies, advertising and sales promotion materials and other products or materials used in the operation of a Giordano's® Restaurant. Such standards and specifications have been established by Franchisor for uniformity, consistency, quality control and to protect, maintain and foster its reputation, goodwill and public acceptance. All such information regarding standards and specifications is contained in the Manual. All such standards and specifications may be modified at any time by

Franchisor. Franchisor will provide you with a list of and specifications for the equipment, point of sale computerized cash register systems interfacing with Franchisor's corporate office, fixtures, furniture, and furnishings which are consistent with the standard Giordano's® Restaurant. Franchisor will provide you with a list of recommended fixtures, furniture, equipment, and furnishings and the approved suppliers, which may be modified periodically. Franchisor will also provide you with lists and specifications of approved paper goods, promotional materials, supplies, and other inventory items needed in the daily operation of Giordano's® Restaurant and the approved suppliers. For Limited-Service Restaurants, we estimate that required purchases according to Franchisor's specifications and standards represent approximately 45% to 50% of your total purchases in connection with the establishment of your Restaurant and 80% to 90% of your overall annual purchases in operating the Restaurant. For Full-Service Restaurants, we estimate that required purchases according to Franchisor's specifications and standards represent approximately 45% to 50% of your total purchases in connection with the establishment of your Restaurant and 80% to 90% of your overall annual purchases in operating the Restaurant.

Franchisor may approve a single distributor or other supplier for any product, and may approve a supplier only for certain products. Franchisor may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of Giordano's® Restaurants. Franchisor may, if it chooses, take advantage of discounts offered by a supplier for the acquisition of large quantities of products and resell such products to Franchisee at a profit. Approval of a supplier maybe conditioned on requirements for the frequency of deliveries, concentration of purchases, standards of service, including prompt attention to complaints, and other criteria, and is subject to Franchisor's continued evaluation of the supplier.

In addition, all packaged products must be served in containers bearing accurate reproductions of the Marks. All pizza boxes, napkins, placemats, straws, bags, cups, matches, menus and other paper goods and the like articles used in connection with your Giordano's® Restaurant must be of a quality and style and bear such reproductions of designs, names, trademarks, service marks and symbols as Franchisor may specify, and all art work and reproductions used must conform to the specifications established by Franchisor. Such imprinted items must be purchased by you through an affiliate of Franchisor or other approved supplier.

Franchisor may revoke its approval of particular products, ingredients or suppliers if Franchisor determines that such products, ingredients or suppliers no longer meet Franchisor's standards or specifications. Upon receipt of written notice of a supplier revocation, you must immediately cease to sell or use any disapproved products or ingredients and cease to purchase products or ingredients from any disapproved supplier.

Changes of Suppliers

If you give Franchisor sufficient prior written notice that you wish to purchase equipment, supplies or food (other than those designated products and supplies which must be purchased from Americana or another designated supplier) from any supplier or distributor not already approved by Franchisor, then Franchisor will not unreasonably withhold the prompt

approval of such purchases, provided you follow the prescribed procedure for securing Franchisor's approval and the purchases conform to the appearance, quality, taste, size or portion, brand name, uniformity standards and other specifications and criteria of Franchisor, including price and product liability insurance. In addition, the proposed supplier must possess reliability, a good reputation, dependability, adequate facilities and service capabilities. Franchisor may require that samples from alternate suppliers be delivered to Franchisor or a designated independent testing laboratory for testing before approval and use. You must pay an amount that will not exceed the actual cost of the test made by Franchisor or by an independent testing laboratory designated by Franchisor (see Item 6). Franchisor is not obligated to approve any proposed supplier. You must also pay a reasonable non-refundable fee to make the evaluation (see Item 6). The approval process will take approximately 30 to 60 days. Franchisor will make available its criteria for approving alternate suppliers upon the reasonable written request from a franchisee who in good faith desires to propose an alternate supplier.

Franchisor's franchisees may be allowed to assist Franchisor in approving suppliers and distributors of the products, materials, equipment and supplies used in the operation of Giordano's® Restaurants that must meet Franchisor's standards and requirements, including standards and requirements for product quality, uniformity, prices, consistency, reliability, financial capability, labor relations and customer relations. If a franchisee is chosen to assist Franchisor in approving suppliers and distributors, any approved suppliers and distributors may be utilized by all current Giordano's® Restaurant franchisees. Franchisor's current form of the Franchisee Approved Supplier and Distributor Assistance Agreement is attached as Exhibit D to this Disclosure Document.

Rebates

We may negotiate with suppliers and manufacturers to receive rebates on certain items you must purchase for your Giordano's® Restaurant. During 2016, a $45,000 annual marketing support fund payment from PepsiCo Inc. based upon our supplier agreement with PepsiCo Inc. was deposited into the Advertising Fund. This payment was a flat amount and was not based on the volume of purchases by franchisees. Any volume rebates received from PepsiCo Inc. based on the volume of purchases by franchisees are credited directly to the individual franchisee that qualified for the rebate. The amount of rebates can vary and is typically based on payments per case. Our rebate programs may vary depending on the supplier and the nature of the product or service. Not every supplier pays rebates to us. Other than as disclosed in this paragraph, we received no rebates in 2016 based upon purchases by franchisees from approved suppliers.

There are currently no purchasing or distribution cooperatives. We do not provide material benefits to franchisees based on their use of designated or approved sources.

Construction Plans and Specifications

For each Franchise granted, you will construct (or renovate) and equip the Restaurant at your expense in a good and workmanlike manner in conformity with all applicable laws, rules and regulations, and plans and specifications prepared by you and approved by Franchisor. All plans and specifications or modifications to Franchisor's preliminary model plans and specifications proposed by you must be submitted to Franchisor for written approval before

commencement of construction and must be modified as Franchisor requests. Costs of contractor plans and specifications are your responsibility.

Insurance

In addition to any insurance requirements of the lease for the premises of the Restaurant, you are required to carry such amounts and types of insurance coverage as Franchisor requires issued by carriers and companies approved by Franchisor.

Before opening the Restaurant for business, you must obtain and submit to Franchisor certificates of insurance for the following insurance coverage under policies issued by carriers approved by Franchisor and carrying a rating by A.M. Best (or other insurance industry rating agency specified by Franchisor) of "A" or higher and a Financial Size Category of "VII" or better: (1) comprehensive commercial general liability insurance with limits not less than $1,000,000 each occurrence and $2,000,000 in the aggregate for bodily injury and property damage; $1,000,000 each occurrence and aggregate for products and completed operations; and $1,000,000 for personal injury and advertising liability per occurrence; (2) general casualty insurance including fire and extended coverage, vandalism, theft, burglary and malicious mischief insurance for the replacement value special coverage of the Restaurant and its contents which may range from $275,000 to $800,000; (3) workers' compensation insurance in an amount prescribed by statute; employer's liability insurance with a limit of not less than $500,000 for bodily injury by accident (each accident), $500,000 for bodily injury by disease (each employee), and $500,000 for bodily injury by disease (policy limit); as well as such other insurance as may be required by statute or rule in the state where the Restaurant is located; (4) business interruption and rent insurance to cover a 12-month period in order to re-establish normal business operations with coverage adequate to coincide with the value of the Restaurant premises and its contents; (5) employment practices liability insurance with minimum limits of $500,000 for first and third party liability coverage; (6) dram-shop insurance with limits not less than $1,000,000 for each occurrence and $2,000,000 in the aggregate; (7) commercial automobile liability insurance for all owned, hired, and non-owned vehicles used in connection with the Restaurant with limits of not less than $1,000,000 combined single limit for bodily injury and property damage; (8) data security/cyber breach liability coverage with limits of not less than $1,000,000; and (9) umbrella/excess liability insurance with limits not less than $2,000,000 for each occurrence and in the aggregate.

You must maintain in force, and submit to Franchisor evidence of renewal or replacement insurance policies for, all required insurance policies during the entire term of the Franchise Agreement. Franchisor may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance or endorsements at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or circumstances. Each insurance policy must name Franchisor (and, if Franchisor requests, the directors, employees or owners of Franchisor) as additional insureds, must contain a waiver of subrogation in favor of Franchisor, and must provide Franchisor with 30 days advance written notice of any material modification, cancellation, or expiration of the policy.

Site and Lease Evaluation

You must submit a complete site report (containing the demographic, commercial, and other information and photographs as Franchisor may reasonably require) for each site at which you propose to establish and operate a Giordano's® Restaurant (the "**Site**") which must conform to minimum criteria established by Franchisor. In evaluating the Site, Franchisor will consider the criteria it deems material, including demographic characteristics, household income, population, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar products and services within the area (including other Giordano's® Restaurants), the proximity to other businesses, the exclusivity granted to other Giordano's® Restaurant franchisees or developers, the nature of other businesses in proximity to the Site, and other commercial characteristics (including the purchase price or rental obligations and other lease terms for the Site) and the size, appearance, and other physical characteristics of the Site. Franchisor will deliver a written evaluation of the Site to you within 30 days after Franchisor's receipt of the complete site reports and other materials requested by Franchisor containing all information reasonably required by Franchisor (the "**Site Information**"). However, Franchisor's failure to provide its evaluation of a proposed Site within 30 days after receipt of the Site Information for the Site is not a waiver of Franchisor's right to evaluate the Site, or an approval by Franchisor of the Site.

You may not execute a lease for the premises of your Restaurant before Franchisor has reviewed and indicated that it has no objections to the lease. Franchisor's review of the lease will not be for the purpose of approving the legality, economics or rental terms of the lease. You must deliver copies of the fully-executed lease (including all exhibits) and other controlling documents to Franchisor within 15 days after execution, including any future amendments, assignments or renewals of your lease. You may not execute or agree to any modification of the lease which would affect our rights without Franchisor's prior written approval. The lease must contain the required provisions and the lessor must sign an Option for Assignment of Lease (see Exhibits C and D to the Franchise Agreement). If you do not obtain lawful possession of a Site (through acquisition or lease) within 60 days after delivery of Franchisor's evaluation of the Site, Franchisor may withdraw its evaluation of the Site.

Advertising

For each Franchise granted, you must adhere to such advertising regulations as Franchisor may impose, and you must use only materials and discount promotions provided or approved by Franchisor for local advertising use. You must also exhibit, promote the sale of, sell and distribute Giordano's® premiums and novelties, promotional literature, and other materials as Franchisor at any time requests, and you must participate in promotional drives, prize contests, and other programs, without regard to the geographic territory, as Franchisor may specify.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition / lease	Section 4 of Franchise Agreement	Items 7 and 11
b.	Pre-opening purchases / leases	Sections 4(A) - 4(H), 10(B), 10(C), 10(H), 10(I), 10(J) of Franchise Agreement	Items 7 and 8
c.	Site development and other pre-opening requirements	Sections 4, 5(A) - 5(C), 6(A) of Franchise Agreement	Items 6, 7 and 11
d.	Initial and ongoing training	Sections 5, 6(A), 6(B) of Franchise Agreement	Item 11
e.	Opening	Section 4(K) of Franchise Agreement	Item 11
f.	Fees	Sections 2(B)(5), 3, 4(L), 5(E), 5(F), 6(A), 10(B), 10(V), 10(W), 11(D), 14(A)(5) of Franchise Agreement; Sections 3, 6(A)(6), 6(B) of Area Development Agreement	Items 5 and 6
g.	Compliance with standards and policies / operating manual	Sections 4, 6, 10 of Franchise Agreement; Section 5 of Area Development Agreement	Item 11
h.	Trademarks and proprietary information	Sections 7, 9, 10(K), 16(N) of Franchise Agreement; Section 1 of Area Development Agreement	Items 13 and 14
i.	Restrictions on products /services offered	Sections 10(C) - 10(J) of Franchise Agreement	Item 16
j.	Warranty and customer service requirements	Section 10(X) of Franchise Agreement	
k.	Territorial development and sales quotas	Section 1 of Franchise Agreement; Section 4 of Area Development Agreement	Item 12
l.	Ongoing product /service purchases	Section 10(D) of Franchise Agreement	Item 8
m.	Maintenance, appearance and remodeling requirements	Sections 2(B)(2), 10(A), 10(B), 10(P) of Franchise Agreement	Items 6 and 11
n.	Insurance	Section 10(Z) of Franchise Agreement	Items 7 and 8

	Obligation	Section in Agreement	Disclosure Document Item
o.	Advertising	Sections 3(C), 11 of Franchise Agreement; Sections 3(E), 5(C) of Area Development Agreement	Items 6 and 11
p.	Indemnification	Section 8(E) of Franchise Agreement; Section 10(D) of Area Development Agreement	Item 6
q.	Owner's participation / management / staffing	Sections 5(A), 5(B) of Franchise Agreement; Section 5(G) of Area Development Agreement	Items 11 and 15
r.	Records and reports	Section 12 of Franchise Agreement	Item 6
s.	Inspections and audits	Section 13 of Franchise Agreement	Items 6 and 11
t.	Transfer	Section 14 of Franchise Agreement; Section 6 of Area Development Agreement	Item 17
u.	Renewal	Section 2(B) of Franchise Agreement	Item 17
v.	Post-termination obligations	Sections 8(E), 15(E) - 15(I), 16(X) of Franchise Agreement; Sections 8, 10(D), 11(X) of Area Development Agreement	Item 17
w.	Non-competition covenants	Section 9(E) of Franchise Agreement; Section 9(B) of Area Development Agreement	Item 17
x.	Dispute resolution	Sections 16(T) - 16(V), 16(X) of Franchise Agreement; Sections 11(T) - 11(V), 11(X) of Area Development Agreement	Item 17

ITEM 10
FINANCING

Neither Franchisor nor any of its agents or affiliates offer direct or indirect financing to you, nor will Franchisor or any affiliate guarantee any note, lease or obligation.

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

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

Pre-opening Obligations:

Before you open your Restaurant, Franchisor will:

1. Evaluate the proposed Site for your Restaurant (see Section 4(C) of the Franchise Agreement). Franchisor does not select or approve the Site for your Restaurant. However, Franchisor will evaluate the proposed Site for your Restaurant and issue a written letter of no objection within 30 days after Franchisor's receipt of the Site Information. If you fail to obtain lawful possession of the Site within 60 days after your receipt of the no objection letter, Franchisor can withdraw its letter of no objection to the Site.

2. Review the lease for the premises of the Restaurant (see Section 4(B) of the Franchise Agreement). If you fail to select the Site for your Restaurant and fail to execute a lease for or otherwise acquire possession of the Site within six months of signing a Franchise Agreement for a Limited Service Restaurant and nine months of signing a Franchise Agreement for a Full Service Restaurant, the Franchise Agreement will terminate.

3. Consult with you regarding the construction of the interior of the Restaurant and interior leasehold improvements and provide you with preliminary plans and specifications based upon typical configurations for the layout of the Restaurant (see Section 4(C) of the Franchise Agreement).

4. Provide you with a list of and specifications for the equipment, fixtures, furniture, and furnishings for a standard Giordano's® Restaurant (see Section 10(B) of the Franchise Agreement and Item 8 of this Disclosure Document).

5. Provide you with a list of all approved suppliers (see Section 10(J) of the Franchise Agreement). Franchisor will also provide you with lists and specifications of approved paper goods, promotional materials, supplies, and other inventory items needed in the daily operation of Giordano's® Restaurants (see Sections 10(C), 10(D), 10(H) and 10(J) of the Franchise Agreement and Item 8 of this Disclosure Document).

6. Provide you with a training program in the operation of a Giordano's® Restaurant. The initial training program is included in the Initial Franchise Fee. However, you will be responsible for all costs of travel, food, lodging and other incidental expenses incurred by the employees who attend the initial training program and any additional training (see Section 5(B) of the Franchise Agreement). Additional pre- and post-opening training assistance is provided as part of the initial training program, as described below. The training provided to you is more fully described below in the Training section of this Item.

7. Provide access to a copy of Franchisor's confidential Operations Manual (the "**Manual**") (see Section 6(C) of the Franchise Agreement).

Time To Opening

Franchisor estimates that there will be an interval of from six to twelve months between the signing of the Franchise Agreement and the opening of the Restaurant, but the interval may vary based upon such factors as the location and condition of the Site, the construction schedule

for the Restaurant, the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financing arrangements and completing training and your compliance with local laws and regulations. Under the terms of the Franchise Agreement, you must open the Restaurant for business within nine months for a Limited Service Restaurant or twelve months for a Full-Service Restaurant. If the Restaurant is not opened for business within the required time period, Franchisor may, in its discretion, grant you an additional six months to open the Restaurant if (1) the Site evaluation by Franchisor was satisfactory and Franchisor issued a written no objection letter; and (2) a lease has been executed or you have otherwise acquired legal possession of the Site for your Restaurant.

Opening and Post-Opening Obligations:

For the opening of your Restaurant and during the operation of your Restaurant after it opens for business, Franchisor will:

1. Provide, at Franchisor's expense, at least two qualified employees of Franchisor to provide opening and post-opening training and assistance at your Restaurant (see Section 6(A) of the Franchise Agreement). The opening and post-opening training provided to you is more fully described below in the Training section of this Item.

2. Provide additional training programs, refresher courses or on-the-job training at your Restaurant at mutually convenient time (see Sections 5(E) and 5(F) of the Franchise Agreement). You will pay Franchisor the then-current per diem training fee and the travel and other expenses incurred for each representative of Franchisor who provides additional training to you (see Item 6).

3. Provide guidance and assistance to you in the operation of your Restaurant in the form of consultation services by field visits, telephone or written communication (see Section 6(B) of the Franchise Agreement).

4. Furnish you with any amendments, revisions or supplements to Manual, all of which will be effective seven days after receipt. The Manual which contains certain unique and secret recipes and methods of operation developed by or licensed to Franchisor for use in the operation of Giordano's® Restaurants and other trade secrets and confidential information used in connection with Giordano's® Restaurants. Standard operation procedures contained in the Manual may include approved product recipes, hours of operation, methods of preparation, testing, marketing and sale of products and services, instructions on the performance of specific employee's duties, maintenance of equipment, checklists, records preparation and retention, general rules and regulations for employees and the like, and other matters that in Franchisor's sole judgment require standardization and uniformity in all Giordano's® Restaurants (see Section 6(C) of the Franchise Agreement).

5. Provide you with information about newly developed products, supplies and methods that Franchisor develops for the Giordano's® Restaurants (see Sections 6(C) and 10(D) of the Franchise Agreement).

Training

Personnel

Franchisee's "Management Team" must attend all management training designated by the Franchisor, as described below. For a Limited-Service Restaurant, Franchisee's Management Team will include the General Manager and one assistant manager, and if applicable, Franchisee (or managing partner or senior officer of Franchisee). The Management Team for a Full-Service Restaurant will include the General Manager, one assistance manager, and the Kitchen Manager, and if applicable, Franchisee (or managing partner or senior officer of Franchisee). The "Kitchen Manager" will be the individual who assists the General Manager with the management and operation of the Restaurant, with particular emphasis on the preparation of menu items in the kitchen facilities of the Restaurant.

Franchisee / General Manager

Either the Franchisee or General Manager, as appropriate, must attend an "Owner's Training Program" lasting between two to three weeks at the Franchisor's Giordano's® Pizza Academy, corporate office and "Training Restaurant" in the Chicago, Illinois area, or another location designated by the Franchisor. This training will be tailored based on the Franchisee or General Manager's previous restaurant operating experience. The Franchisee or General Manager must successfully pass the Franchisor's post-training assessment prior to opening their Restaurant. If Franchisee or General Manager fails to attend or complete this training program to Franchisor's satisfaction, Franchisor may terminate the Franchise Agreement, in which case the Initial Franchise Fee will not be refunded.

Managers

The Restaurant General Manager and Kitchen Manager must attend the "Restaurant Management Initial Training Program" conducted by the Franchisor. The training program will last eight weeks (approximately 40 hours per week). This training includes five weeks of pre-opening training at Franchisor's Giordano's® Pizza Academy and Training Restaurant in the Chicago, Illinois area, or another location designated by the Franchisor, two weeks of pre-opening training and support at your Giordano's® Restaurant, and one week of post-opening training and support at your Restaurant. The Restaurant Management training curriculum is sequentially designed and must be consecutively completed in the order provided by the Franchisor. If any portion of the curriculum is missed, the General Manager and Kitchen Manager must take the missed segment, at a time designated by the Franchisor, before continuing on with the remainder of the training curriculum. A Management Training schedule is regularly published by the Franchisor. Seats are limited and must be reserved in advance. With the exception of the training provided at your Restaurant, the General Manager and Kitchen Manager must complete the initial training program three to four weeks before the opening of your Restaurant. The restaurant General Manager and Kitchen Manager must successfully pass the Franchisor's assessment(s) prior to being allowed to open their Restaurant. If the General Manager or Kitchen Manager fails to attend or complete this training program to Franchisor's satisfaction, Franchisor may terminate the Franchise Agreement, in which case the Initial Franchise Fee will not be refunded.

Other Employees

The following employees of your Restaurant must attend and successfully complete the "Pre-Opening Training Program" two to three weeks before the opening of your Restaurant:

- If you develop a Full-Service Restaurant, three pizza cooks (two in the case of a Limited Service Restaurant) must attend the following training: two days of training at Franchisor's Giordano's® Pizza Academy and 10 days of pre-opening training at Franchisor's Training Restaurant in the Chicago, Illinois area, or another location designated by Franchisor.

- Two line cooks must attend seven days of pre-opening training at Franchisor's Training Restaurant in the Chicago, Illinois area, or another location designated by Franchisor.

- Two delivery/carry-out employees must attend five days of pre-opening training at the Training Restaurant in the Chicago, Illinois area, or another location designated by Franchisor.

Employees of franchisees who attend training must successfully pass the Franchisor's assessment(s) prior to working in the Franchise restaurant.

These initial training programs will include information and instruction in the operation of a Giordano's® Restaurant, including preparation of foods, personnel training, inventory procedures, sales and marketing, administration and management. Some portions of the curriculum may be omitted by the Franchisor if not applicable to or required for your type of restaurant.

Attendance at and successful completion of the training programs described above is mandatory for your Management Team and the other employees that Franchisor designates. Attendance at and successful completion of the training program is optional for all other employees. If your Management Team fails to attend or complete the training program to Franchisor's satisfaction, Franchisor may terminate the Franchise Agreement and the Initial Franchise Fee will not be refunded. Currently, the initial training program for your Management Team consists of the following:

TRAINING PROGRAM

Subject (1)	**Hours of Classroom Training** (1)(2)	**Hours of On-The-Job Training** (1)	**Location**
Back Kitchen & Preparation	10	40	Giordano's® Pizza Academy in Chicago, Illinois; Training Restaurant in Chicago, Illinois; and your

Subject (1)	**Hours of Classroom Training** (1)(2)	**Hours of On-The-Job Training** (1)	**Location**
			Restaurant
Pizza Line	16	50	Giordano's® Pizza Academy in Chicago, Illinois; Training Restaurant in Chicago, Illinois; and your Restaurant
Cashier, Telephone, Hosting	10	55	Giordano's® Pizza Academy in Chicago, Illinois; Giordano's® Pizza Academy in Chicago, Illinois; Training Restaurant in Chicago, Illinois; and your Restaurant
Administrative (scheduling employees, ordering, shadowing general manager)	26	50	Giordano's® Pizza Academy in Chicago, Illinois; Training Restaurant in Chicago, Illinois; and your Restaurant
Opening & Closing Restaurant	8	55	Giordano's® Pizza Academy in Chicago, Illinois; Training Restaurant in Chicago, Illinois; and your Restaurant
Total	**70**	**250**	

Notes:

(1) Franchisor may, in its sole discretion, reduce the topics and number of hours of training provided to you for additional franchised Giordano's® Restaurants you subsequently open and operate.

(2) Includes classroom training, one-on-one instruction with a trainer and self-study training.

The materials used in training include the Manual, as well as other handouts. Training will be conducted or supervised by two or more of the following employees, as determined by Franchisor, who have the following experience with the subjects taught and Giordano's® Restaurants:

Tom Fife: Mr. Fife has been our Director of Operations, Franchise Restaurants since March 2016. He has also been the Director of Franchise Operations for VPC Mgmt since August 2012. Before that, he was a General Manager for Go Roma Kitchen from September 2006 until August 2012.

Erin Hardy: Ms. Hardy has been our Director of Training since March 2016. She is a training professional with experience in restaurant openings for the restaurant brands operated by Darden Restaurants, Inc. as an Operations Training Manager from February 2014 until January 2016, a New Restaurant Opening Manager from July 2012 until February 2014, and a Division Training Manager from July 2010 until July 2012

Russell Bry: Mr. Bry has been a trainer for us since April 2012. He has 38 years of culinary and concept creation experience in the restaurant industry. He was a Corporate Chef for Lettuce Entertain You® restaurants and then Forklift Brands for a combined total of 20 years, was a founder of the Go Roma Italian Kitchen restaurant concept, and has also created menu concepts for Maggiano's. He is currently our Executive Chef and the developer of all our new menu items.

Jesse Harris: Mr. Harris started with us in early 2013, and has worked for us in various capacities, including General Manager, Catering Chef, Manager of Purchasing and Culinary Systems, and Culinary Trainer. He has created extensive training materials such as detailed recipe manuals, kitchen procedure manuals and back-of-house training procedures. Before joining us, Mr. Harris was a General Manager for Go Roma Italian Kitchen, the Kitchen and Floor Manager of Boudin's flagship restaurant at Fisherman's Wharf in San Francisco, California, and the Executive Chef of Michael's Uptown Café in Bloomington, Indiana.

Nihad Cehic: Mr. Cehic has been in the restaurant industry for 18 years, and has worked in different Giordano's® Restaurants for over 10 years. Mr. Cehic is currently our Area General Manager, responsible for the oversight of four company-owned Giordano's® Restaurants.

Patrick Fitzgerald: Mr. Fitzgerald has worked in the restaurant industry since March 2006. He has been an IT Applications Analyst for VPC Mgmt since February 2015. Before that, he was an Assistant General Manager for VPC Mgmt from November 2011 to February 2015.

Samatha Klecyngier: Mrs. Klecyngier has been with VPC Mgmt since October 2014. She began as a Restaurant Manager, and in January of 2017, was promoted to Assistant General Manager. In these positions she has been responsible for training corporate restaurant managers and general managers, as well as franchisees, since August of 2015. Before joining VPC Mgmt, Samantha was a Service Manager and Staffing & Training Manager for Olive Garden from January 2013 until October 2014.

Michael Liden: Mr. Liden joined us as a Restaurant Manager in October 2015 and was subsequently promoted to Assistant General Manager in January 2017. Before that, Mr. Liden was a Bar Manager and World Bartending Championship judge for T.G.I. Fridays from November 2010 until September 2015.

Participation and successful completion of training is validated/measured through on-the-job observations conducted by our certified restaurant general managers, trainers and franchise support center representatives, as well as a more formal quiz or other assessment.

The Restaurant Management Initial Training Program and Owner's Training Program shall be provided at no cost to Franchisee. However, Franchisee shall be responsible for all costs of travel, food, lodging and other incidental expenses incurred by Franchisee, Franchisee's Management Team and any other employees of Franchisee who attend any training program.

At your request, Franchisor may also provide additional training programs, refresher courses or on-the-job training at a mutually convenient time, or you may be required to attend and participate in remedial training at your Restaurant or another location designated by Franchisor if your Restaurant fails to meet Franchisor's performance standards (see Sections 5(C) and (D) of the Franchise Agreement). You must pay to Franchisor its then-current per diem fee (which is currently $500 per day for each representative of Franchisor conducting such training) for each eight-hour day such training continues. You are also obligated to pay the expenses of travel, lodging and meals incurred by Franchisor's representatives. The instructor of all training programs will be one of Franchisor's principal officers or management personnel or a current manager, or other supervisory personnel, of a Restaurant owned by Franchisor who has at least one year's experience in operating a Giordano's® Restaurant.

Any training provided by Franchisor to any of your employees will be limited to training or guiding the employees regarding the delivery of approved products and services to customers in a manner that reflects the customer service standards of the System. You are, and will remain, the sole employer of your employees during all training programs, and you are solely responsible for all employment decisions and actions related to your employees.

Internet

You may not advertise on the Internet or establish or operate any website for your Giordano's® Restaurant or establish or participate in any "Giordano's®"-related blog or other online discussion forum without our prior written consent. We may maintain one or more social media sites (e.g., www.twitter.com, www.facebook.com, etc.). You may not establish or maintain any social media sites utilizing any user names or otherwise associating with the Marks without our advance written consent, which will require, among other requirements, that all administrative

credentials for such sites be shared with Franchisor, and kept up-to-date. We may designate regional or territory-specific user names/handles that you must maintain. You must adhere to any social media policies that we establish, and you must require all of your employees to do so as well.

You may not register any domain name for use with your Restaurant. Franchisor will obtain and register a designated domain name for your use. All email correspondence related to the operation of your Giordano's® Restaurant must be conducted via a designated email address hosted on a domain obtained by Franchisor for your use.

Advertising

You must develop local advertising materials for your own use, at your own cost, and spend at least $1,000 per month for local advertising and promotions for your Restaurant. Franchisor must approve your advertising materials and you must adhere to all of Franchisor's advertising standards (see Item 8 of this Disclosure Document and Section 11(A) of the Franchise Agreement).

In addition, you must pay a mandatory Advertising Fee (see Item 6 of this Disclosure Document and Section 3(C) of the Franchise Agreement). Other franchisees and Franchisor's affiliate-owned Restaurants must contribute to the Advertising Fund on the same basis as you, except that Franchisor may waive all or part of the Advertising Fee during any period in which Franchisor's sales promotions program is or will be inactive, but Franchisor may reinstate the Advertising Fee after prior written notice to you of the reactivation of the program.

The Advertising Fee is intended to maximize general public recognition of the Marks and patronage of Giordano's® Restaurants. Franchisor determines how the Advertising Fees will be spent. Some portion of the Advertising Fees may be used for production of marketing surveys, research and development, menu development, administration of gift card programs, image, design, test marketing, donations in the form of Giordano's® gift certificates and/or Approved Products, and for the development, production, publication and distribution of advertising and promotional materials which Franchisor determines will most advance the unique Giordano's® System or the Approved Products and Approved Services (see Item 8 of this Disclosure Document). No portion of the Advertising Fees is presently used for advertising that is principally a solicitation for the sale of Franchises.

Franchisor or an affiliate (the "**Advertising Affiliate**") will direct all advertising activities, select the advertising agencies and public relations firms, if any, and oversee creative concepts, materials and media used and its placement and allocation. The advertising may be disseminated in any media, including signage, print, radio or television. The Advertising Fees will be used for national and/or regional advertising, publicity and promotion. Subject to any imposed restrictions, (i) Franchisor or the Advertising Affiliate has the right to determine the composition of all geographic and market areas for the implementation of such advertising and promotional activities, and (ii) neither Franchisor nor the Advertising Affiliate is obligated to spend any amount of money on advertising in the geographic area where you are located. Your failure to derive any direct or proportionate benefit from the Advertising Fees you pay will not serve as a basis for a reduction or elimination of your obligation to pay the Advertising Fee.

Franchisor and/or the Advertising Affiliate will be reimbursed out of the Advertising Fees for the total actual costs (including indirect costs) of developing, producing and distributing any advertising materials, administering regional and multi-regional advertising programs and collecting and holding the Advertising Fees ("**Administrative Costs**"). Such reimbursement for Administrative Costs includes attorneys', auditors' and accountants' fees, tax liabilities and other expenses incurred in administering, accounting for and collecting any Advertising Fees, as well as the proportionate share of Franchisor's and/or the Advertising Affiliate's office rent, overhead and compensation for Franchisor's and/or the Advertising Affiliate's employees who devote time and render services for the development of advertising, administration and collections of the Advertising Fees. On an annual basis, Franchisor and/or the Advertising Affiliate will limit the amount of Advertising Fees used to pay Administrative Costs to 17% of the total Advertising Fees spent during the applicable annual period.

In addition to Franchisor's and/or the Advertising Affiliate's Administrative Costs described in the preceding paragraph, Franchisor and the Advertising Affiliate may hire, and pay from the Advertising Fees, an advertising agency, public relations firm or similar source to formulate, develop, produce and conduct the advertising and promotional programs. Franchisor and the Advertising Affiliate also reserve the right to undertake and provide such services in-house.

An unaudited statement of the Advertising Fund will be prepared annually by us and will be made available to you upon request. We may cause the Advertising Fund to be audited, but we have no obligation to do so. If all Advertising Fees are not spent in the year in which they accrue, they will remain segregated from Franchisor's other funds for use in subsequent years. During 2016, expenditures from the Advertising Fund were for:

Production Costs	11.3%
Media Placement Costs	61.5%
Administrative Costs	8.0%
Gift Cards	1.9%
Website Costs	17.3%
	100.0%

If an association of Giordano's® Restaurant franchisees is established in the geographic area in which your Restaurant is located (the "**Local Co-op**"), you must also join and actively participate in the Local Co-op. You must contribute to the Local Co-op such amounts as are determined by the Local Co-op. We will not set the amount of those contributions and there is no limit. However, your local advertising requirement will be reduced by the amount that you contribute to any Co-op, up to the full amount of your local advertising requirement.

We may establish an advertising council to serve in an advisory capacity for advertising and promotional matters and the Advertising Fund in the Chicago area. If established, the council will be composed of seven members, four of whom will be selected by the franchisees and three selected by us. The number of members on the advisory council and the form of the council may be subject to change.

Computer Systems

You must use the computer equipment and operating systems required by Franchisor. The following minimum specifications are required:

- Currently approved point-of-sale software (Squirrel Professional) compatible hardware with keyboard, mouse, integrated gift/employee card reader.
- Mag-Tek (or other Franchisor-approved manufacturer) external encrypted credit card swipe and keypad supporting hardware/point-to-point encryption.
- Appropriate broadband connection with minimum 2Mbps X 1Mbps throughput and a minimum of two usable public IP addresses.
- A backup Internet connection via a broadband provider other than your primary Internet provider.
- SonicWALL, WatchGuard or other equivelant firewall. It is important to note that firewall must meet all requirements as outlined in the Firewall Configuration Guidelines, including current firmware, current support contract, and current security service subscriptions (e.g., content filtering, IVS/IPS, virus scanning, etc.) and associated monitoring service by a qualified managed service provider.
- Up-to-date Anti-Virus/Anti-Malware software with current subscriptions, PCI monitoring services and software provided by a qualified managed service provider.

You must also purchase at least two cash register terminals, at least two order-taking terminals and at least three individual printers. We estimate that the cost of the computer system will be approximately $20,000 to $50,000 (see Item 7 of this Disclosure Document).

You must use the point-of-sale software program required by Franchisor. Immediately upon implementation, Franchisor will customize the program and create interface programs. The customized computer cash register system will allow data relating to gross sales to be collected, stored and generated by you and Franchisor. Franchisor will have independent access to the information or data via modem or otherwise, and there are no contractual limitations on Franchisor's right to access the information and data. This includes Franchisor's ability to access your system unattended at any time, and granting Franchisor access to your system at any time.

You must participate in all online programs mandated by Franchisor, which may include eCommerce (online ordering), loyalty, gift card, and promotion management. All of these programs will require you to utilize our approved vendor.

You must upgrade or update your computer hardware and software programs as they become obsolete, mechanically impaired to the extent that they require replacement, or as we require in order to meet the changing standards of the restaurant industry, payment card industry, or our system standards. There are no contractual limitations on the frequency or the cost of your continuing obligation to do this.

Neither Franchisor, its affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades, or updates to your computer system. Currently, there are no optional or required maintenance/upgrade contracts for the point-of-sale or computer system.

However, you must maintain a current information technology ("**IT**") support relationship with a qualified employee, contractor, supplier or vendor to assist with IT infrastructure including firewalls, network switches, cabling, internet service providers, wireless internet connections and service, vulnerability management (for example, virus protection and critical software updates), and other products and services associated with current information technology services required at your Restaurant. If you fail to establish and maintain an IT support relationship with a qualified employee, contractor, supplier or vendor, Franchisor can arrange for the necessary information technology support and services required for your Restaurant, and charge you for the costs and expenses incurred by Franchisor to do so, including a $500 per diem charge if the services are provided by an employee of Franchisor.

You must be compliant with all items outlined in Franchisor's Vulnerability Management Policy. You must comply with all laws related to the operation of your Restaurant, including those related to data security and privacy and you must comply with all payment card industry (PCI) data security standards. Additionally, you must meet Franchisor's minimum information security standards.

Operations Manual

The current Operations Manual has 46 chapters containing 73 pages. A copy of the Table of Contents of Franchisor's Manual is attached as Exhibit E to this Disclosure Document.

Area Development Agreement

If you enter into an Area Development Agreement, Franchisor's obligations to you will be as disclosed above in this Item for each Restaurant you develop under the Area Development Agreement.

ITEM 12
TERRITORY

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.

The granting of a protected territory (a "**Territory**") in the Franchise Agreement is subject to negotiation between parties. The boundaries of a Territory, if any, will be defined by streets and set forth in the Franchise Agreement, and will depend upon such factors as demographic characteristics, population, household income, size and distance. The Territory will usually consist of one or more cities or market areas. There is no minimum size for a Territory. The granting of a Territory in the Franchise Agreement means that as long as the Franchise Agreement is in effect and you are not in default under the Franchise Agreement, Franchisor may not operate or license others to operate another Giordano's® Restaurant at any location within that Territory unless it first provides you with a right of first refusal to own and operate the Giordano's® Restaurant under identical terms being offered to the other party. If you enter into a Franchise Agreement, you will be granted a defined "**Delivery Area**." You are permitted to deliver approved products to destinations within your Delivery Area. The boundaries of your Delivery Area may be different than the boundaries of any Territory granted to you. If you are granted a

Territory, you do not have the exclusive right to deliver approved products within the Territory, and Franchisor or other franchisees may deliver approved products within your Territory.

If you enter into an Area Development Agreement with Franchisor, you will receive the right to develop and operate Giordano's® Restaurants in a specified geographic area called a "**Development Area**." The Development Area typically consists of one or more cities or market areas and will be delineated by specifying the streets or highways, or the county lines that form the boundaries of the Development Area. Before you sign the Area Development Agreement, a description of the Development Area will be included in the Area Development Agreement and a map of the Development Area may also be attached. The size of the Development Area and the number of Giordano's® Restaurants you will develop within the Development Area are determined by the population of the Development Area and its market potential, taking into account demographics, economic conditions, business climate, competition, your financial resources and other relevant factors. Your Development Area may not be altered or relocated during the term of the Area Development Agreement. You must meet the Development Schedule in the Area Development Agreement or you will lose your right to continue to develop Giordano's® Restaurants in the Development Area. Otherwise, the continuation of your Development Area is not dependent upon your achieving a certain sales volume, market penetration or any other contingency. The Area Development Agreement does not grant any options, rights of first refusal or similar rights to you for the acquisition of additional development rights in your Development Area or contiguous areas during or after the expiration of the term of the Area Development Agreement.

Except for the specific grant of a Territory or Development Area, Franchisor retains all rights to the products and services sold at or from Giordano's® Restaurants, the Marks and the System, including the right to operate or grant others the right to operate Giordano's® Restaurants outside the Territory or Development Area on terms and conditions Franchisor deems appropriate and the right to produce and sell products using the Marks or other commercial symbols through retail stores and other channels of distribution (other than Giordano's® Restaurants) pursuant to terms and conditions Franchisor deems appropriate. Franchisor also reserves the right to operate other restaurants or enter into other lines of businesses offering similar or dissimilar products or services under different trademarks and service marks, other than the Marks. Furthermore, Franchisor retains the exclusive right to market its stuffed pizza and other products through the Internet, at airports, shopping centers, food courts, stadiums, grocery outlets, military installations, public carriers (including airplanes, trains and cruise lines) and other special purpose venues, or any other channels of distribution which may originate in or service your Territory or Development Area. Additionally, Franchisor retains the exclusive right to ship its pizza and other products anywhere, whether these orders for shipment are received by telephone, facsimile transmission, Internet communication or otherwise, and even if the origination of the order is in your Territory or Development Area, or the destination of the shipped products is in your Territory or Development Area.

Except as expressly limited by the above, Franchisor (on behalf of itself and its affiliates) retains all rights to Giordano's® Restaurants, the Marks and the sale of products and services, anywhere in the world, including: (1) the right to operate or grant others the right to operate restaurants at locations anywhere outside the Territory or Development Area regardless of its proximity to a Giordano's® Restaurant and on such terms and conditions as Franchisor deems

appropriate; (2) the right to develop, manufacture, distribute, rent and/or sell food products through any channel of distribution (including under or in association with the Marks or any other trade name or trademark), and to grant this right to others; and (3) the right to develop, market, distribute, rent and/or sell any other product or service or own or operate any other business under the Marks or any other trade name or trademark.

You must operate your Restaurant only at the Site evaluated by us specified in the Franchise Agreement, and you may not relocate the Site for your Restaurant to another location without our prior written consent. We apply the same considerations for evaluating relocations of a Restaurant and the leasing of another Site as we do for Restaurants and Sites generally. You may solicit customers and advertise your Restaurant anywhere you choose. There are no restrictions on you, any of our other franchisees, or us to prevent any soliciting or advertising in someone else's protected territory. No party is obligated to pay compensation to any other party for soliciting customers or accepting orders (for pick-up) from the other franchisee's protected area.

Continuation of your Territory under the Franchise Agreement does not depend on achievement of any particular sales volume, market penetration or contingency other than full compliance with the terms of the Franchise Agreement.

The grant of a Giordano's® Restaurant franchise is only to the operation of one Giordano's® Restaurant within a Territory, and does not convey any other rights to you.

You may not advertise on the Internet or establish or maintain any website or any presence on the Internet without our prior written consent. You may use the Internet to advertise only in compliance with the Franchise Agreement.

ITEM 13
TRADEMARKS

Principal Trademarks

Franchisor grants you the right to use certain trademarks, service marks and other commercial symbols in operating your Restaurant (the "**Marks**"). The principal Mark we use is "Giordano's®," but we also authorize you to use other Marks.

Trademark Registrations

The following Marks are registered on the Principal Register of the United States Patent and Trademark Office (the "**PTO**"):

Mark	Registration Date	Registration No.	Class/Use
GIORDANO'S	03/23/04	2,824,400	Restaurant Services
GIORDANO'S and Design	07/07/81	1,160,481	Restaurant Services
FAMOUS STUFFED PIZZA. FRESH ITALIAN	09/10/13	4,402,032	Restaurant Services
GIORDANO'S and Design	10/01/13	4,411,249	Restaurant Services

Mark	Registration Date	Registration No.	Class/Use
THE 1 & Design	02/11/14	4,480,079	Pizza
G Catering & Events	01/13/15	4,669,710	Catering Services
GIORDANO'S NORTHSIDE ITALIAN BEEF	09/29/15	4,821,052	Sandwiches
GIORDANO'S SOUTHSIDE ITALIAN BEEF	09/29/15	4,821,053	Sandwiches
ITALIAN BORN CHICAGO RAISED	01/10/17	5,118,897	Restaurant Services
GIORDANO'S ITALIAN BORN. CHICAGO RAISED.	01/10/17	5,119,426	Restaurant Services

Applications for the registration of the following Marks have been filed with the PTO, and are still pending:

Mark	Filing Date	Serial No.	Class/Use
GIORDANO'S FAMOUS STUFFED DEEP DISH PIZZA. ITALIAN BORN CHICAGO RAISED	05/31/16	87-054,564	Restaurant Services
GIORDANO'S FAMOUS STUFFED PIZZA. FRESH ITALIAN.	06/08/16	87-064,195	Restaurant Services
GIORDANO'S FAMOUS STUFFED DEEP DISH PIZZA	06/08/16	87-064,243	Restaurant Services
GIORDANO'S WORLD FAMOUS STUFFED DEEP DISH PIZZA	06/08/16	87-065,076	Restaurant Services

The Marks are owned by VPC Pizza IP, LLC ("**VPC IP**"), an affiliate of Franchisor. Franchisor entered into a Trademark License Agreement, effective November 22, 2011, with VPC IP granting Franchisor the right to use and license the Marks for the purpose of operating and franchising Giordano's® Restaurants. The term of the Trademark License Agreement is indefinite, contains no material restrictions and, unless terminated sooner by mutual agreement, will remain in force for at least as long as any Franchise Agreement is in effect. If during the term of your Franchise Agreement, the Trademark License Agreement is terminated, VPC IP, will grant to you the right to use the Marks for the remaining term of your Franchise Agreement.

Otherwise, there are no other agreements currently in effect which significantly limit Franchisor's rights to use or license the use of the Marks in a manner material to the Franchise. There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringements, opposition or cancellation proceedings, or material litigation involving the principal trademarks.

Use of Marks

You will use and display the Marks only in the manner authorized in writing by us, and may not alter or change the Marks in any way without our prior written approval. You cannot use any Mark as part of your corporate or legal business name or with modifying words, designs

or symbols (except for those we license to you). You cannot use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing.

Infringements

You must notify Franchisor 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 you may not communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. Franchisor has sole discretion to take such action as it deems appropriate and the right to control exclusively any litigation, PTO proceeding or any other administrative proceeding arising from such infringement, challenge or claim or otherwise relating to any Mark. You must sign any instruments and documents, provide such assistance and take any action that, in the opinion of Franchisor's attorneys, may be necessary or advisable to protect and maintain Franchisor's interests in any litigation or PTO or other proceeding or otherwise to protect and maintain Franchisor's interests in the Marks.

Franchisor is not obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition because of your use of the Marks, although Franchisor intends to do so when this action is in the best interests of the Giordano's® System. Franchisor is not obligated to participate in your defense or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the Marks if the proceeding is resolved unfavorably to you.

Changes to Marks

If Franchisor determines that the Restaurants must modify or discontinue the use of any Mark or use one or more additional or substitute trademark or service marks, you must comply with Franchisor's directions to do so within a reasonable time after receiving notice. Franchisor will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

Other than as described above in this Item, we do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the Franchise.

Franchisor has registered a photograph used in advertising materials with the United States Copyright Office, Registration Number VA 1-894-026, effective February 25, 2014.

Franchisor also claims copyrights in the Manual and the menus, and advertising materials and related items used in operating the franchise. Except for Franchisor's 2012 menu (Registration Number TX 7-795-724, effective October 24, 2013) and 2013 menu (Registration

Number TX 7-794-055, effective October 24, 2013), these copyrights have not been registered with the United States Registrar of Copyrights.

The Manual, which is described in Item 11 of this Disclosure Document, and other materials Franchisor possesses contain its confidential information. This information includes site selection criteria; recipes; methods, formats, specifications, standards, systems, procedures and sales and marketing techniques used, and knowledge of and experience, in developing and operating Giordano's® Restaurants; marketing and advertising programs for Giordano's® Restaurants; knowledge of specifications for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies; and knowledge of the operating results and financial performance of Giordano's® Restaurants other than your Restaurant.

All ideas, recipes, menu items, concepts, techniques or materials relating to Giordano's® Restaurants (including any specific to your Restaurant), whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, must be promptly disclosed to Franchisor, will be considered Franchisor's property and part of its System and will be considered to be works made-for-hire for Franchisor. You and your owners must sign whatever documents Franchisor requests to evidence its ownership or to assist it in securing intellectual property rights in such ideas, concepts, techniques or materials.

You may not use Franchisor's confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others. Franchisor may require that your managers sign its then-current form of Confidentiality and Non-Competition Agreement.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Nor are there any agreements currently in effect which significantly limit Franchisor's right to use or authorize franchisees to use any copyrighted materials. Furthermore, there are no infringing uses actually known to Franchisor which could materially affect a franchisee's use of the copyrighted materials in any state. Franchisor is not required by any agreement to protect or defend copyrights or confidential information, although Franchisor intends to do so when this action is in the best interests of the Giordano's® System.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Restaurant must at all times be under the direct, day-to-day, full time supervision of Franchisee or a General Manager designated by Franchisee as described below:

(1) If Franchisee is a sole proprietorship, then the proprietor must engage actively and personally in the management and supervision of the operations as the General Manager of the Restaurant.

(2) If Franchisee is a partnership, then the partners owning at least a majority interest in the capital and profits of the partnership must engage actively and personally in the

management of the Restaurant, and Franchisee must designate in the Franchise Agreement one partner as the General Manager of the Restaurant.

(3) If Franchisee is a corporation or other entity, then it must designate in the Franchise Agreement a senior officer who owns at least 10% of the ownership of the entity as the General Manager of the Restaurant. The General Manager signs the Franchise Agreement as an owner of Franchisee and the Owners' and Guarantors' Undertaking attached as Exhibit F to the Franchise Agreement.

If a designated General Manager supervises the Restaurant, Franchisee (or a managing partner or senior officer who has satisfactorily completed the training program) must remain active in overseeing the operations of the Restaurant conducted under the supervision of the designated General Manager. If Franchisee owns multiple franchised Giordano's® Restaurants, Franchisee's designated General Manager may, with Franchisor's approval, manage and supervise the operations of more than one Restaurant.

The designated General Manager must be approved in writing in advance by Franchisor, and must manage and supervise the operations of the Restaurant and assure compliance by Franchisee and its personnel with the Franchise Agreement. Franchisee must procure Franchisor's approval of any replacement General Manager.

Appointment of Manager

If at any time the Restaurant is not being managed by Franchisee, the designated General Manager or a manager who has satisfactorily completed Franchisor's training program, Franchisor may appoint a representative of Franchisor to maintain the operations of the Restaurant for Franchisee. Franchisor's representative will operate the Restaurant for as long as Franchisor deems necessary and practical. All funds from the operation of the Restaurant during the period Franchisor's representative manages the Restaurant will be kept in a separate fund and all expenses of the Restaurant incurred during this period, including the manager's salary, will be charged to this fund. In addition to the payment of the manager's salary, Franchisee must also pay to Franchisor its then-current per diem fee for each day Franchisor's representative continues to manage and operate the Restaurant, and all third-party costs Franchisor incurs in connection with the management and operation of the Restaurant. The operation of the Restaurant during this period will at all times be conducted on behalf of Franchisee, provided that Franchisor only has a duty to utilize its reasonable efforts in the operation of the Restaurant and will not be liable to Franchisee for any losses incurred from the operation of the Restaurant or to any of Franchisee's creditors for any merchandise, supplies or services purchased by the Restaurant during this period. Franchisee must hold Franchisor and its representatives harmless from any and all claims of any kind arising out of Franchisor's operation of the Restaurant. Franchisor's appointment of a manager to operate the Restaurant will not relieve Franchisee of any obligations under the Franchise Agreement nor constitute a waiver of Franchisor's right to terminate the Franchise Agreement. Franchisee must agree to pay all of Franchisor's reasonable attorneys' fees incurred as a result of Franchisor's exercise of its right to appoint a manager.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Franchisee must offer for sale all products and services and only those products and services as are approved by Franchisor. All approved products and services must be offered for sale on a continuous basis at the Restaurant at the time and in the manner required by Franchisor. No sale of any product or service except approved products and services may be solicited, accepted or made at or from the Restaurant. If requested by Franchisor on at least 30 days notice, the marketing of an approved product or service must be discontinued and the product or service ceases to be an approved product or service. Franchisee is required to sell alcoholic beverages at the Restaurant, unless regional, municipal, local laws or ordinances do not allow the sale of alcoholic beverages.

Franchisee may not: (1) sell any product for resale; (2) sell any product or service at or from any place except the Restaurant; or (3) prepare any product at any place other than the Restaurant, except that Franchisee may sell approved products and services at special events including fairs, conventions and food-fests with Franchisor's prior approval. Franchisee must give Franchisor at least 30 days prior written notice of any fair, convention or other special event in its Territory at which Franchisee desires to conduct special event sales.

The Franchise Agreement contains no restriction on the customers to whom Franchisee may sell goods and services, except that delivery services can only be provided to customers within the delivery area specified by Franchisor in the Franchise Agreement. All dealings and transactions with customers and suppliers must be fair and honest.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

These tables list certain important provisions of the franchise, area development and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP

Franchise Agreement:

	Provisions	Section in Franchise or other Agreement	Summary
a.	Term of Franchise	Section 2(A)	Initial term is 10 years, equal to lease term.
b.	Renewal or extension of term	Section 2(B)	If you are in good standing, you have an option to renew for two five-year terms.

	Provisions	Section in Franchise or other Agreement	Summary
c.	Requirements for you to renew or extend	Section 2(B)	For each renewal term: give timely notice, be and have been in good standing; make required capital expenditures, if any; relocate Restaurant if necessary; sign the then-current form of Franchise Agreement and any ancillary agreements, which agreements may be materially different than the form attached to this Disclosure Document; pay renewal fee equal to 15% of then-current Initial Franchise Fee; and provide Franchisor with a copy of the lease for a term at least as long as the renewal term.
d.	Termination by you	None	You may not terminate the Franchise Agreement.
e.	Termination by Franchisor without cause	None	Franchisor may only terminate the Franchise Agreement if you default or for cause as specified in the Franchise Agreement.
f.	Termination by Franchisor with cause	Sections 15(A) and 15(B)	Franchisor may terminate the Franchise Agreement when you are in material breach of its terms and do not cure the breach following notice from Franchisor as the Franchise Agreement requires.
g.	"Cause" defined – defaults which can be cured	Sections 15(A) and 15(B)	You have five days to cure the non-payment of fees. You have 10 days to cure your noncompliance with any law or regulation applicable to the operation of the Restaurant. You have 30 days to cure any other breach.

	Provisions	Section in Franchise or other Agreement	Summary
h.	"Cause defined" – defaults which cannot be cure	Section 15(A)	Non-curable defaults: a suitable Site is not found within six months if the Restaurant is a Limited-Service Restaurant or nine months if the Restaurant is a Full-Service Restaurant; bankruptcy or insolvency; abandonment; mutual written agreement between Franchisor and you; material misrepresentation or materially unfavorable conduct; repeated defaults even if cured; seizure of assets; unsatisfied judgment; conviction of a felony or other criminal misconduct that adversely affects Franchisor; operation poses an imminent danger to public health or safety; failure to complete training program; failure to open the Restaurant within 9 months if the Restaurant is a Limited-Service Restaurant or 12 months of the Restaurant is a Full-Service Restaurant; unauthorized sale, assignment or transfer of your interest; termination of lease.
i.	Your obligations on termination / nonrenewal	Section 15(E)	Obligations include complete de-identification, return of the Manual and all items bearing the Marks and payment of amounts due to Franchisor and others (also see r. below).
j.	Assignment of contract by Franchisor	Section 14(I)	No restriction on Franchisor's right to assign.
k.	"Transfer" by you – definition	Section 14(A)	Assign, sell, transfer, or encumber, by operation of law or otherwise.
l.	Franchisor's approval of transfer by franchisee	Section 14(A)	All transfers must be approved in advance by Franchisor.
m.	Conditions for Franchisor approval of transfer	Section 14(A)	Includes: new franchisee qualifies and completes training program, all outstanding debts paid; release signed by you; then-current Franchise Agreement signed by new franchisee; transfer fee paid; new franchisee obtains all required licenses; you have cured all defaults; purchase agreement approved by Franchisor (also see r. below).
n.	Franchisor's right of first refusal to acquire your business	Section 14(E)	Franchisor can match any offer for Franchisee's business.

	Provisions	Section in Franchise or other Agreement	Summary
o.	Franchisor's option to purchase your business	Section 15(G)	Franchisor may purchase your assets for an agreed upon price or a price determined by an independent appraiser if the Franchise Agreement expires, or at book value if the Franchise Agreement is terminated.
p.	Your death or disability	Section 14(F)	Franchise must be assigned by surviving spouse, heirs or estate to an approved buyer within 180 days.
q.	Non-competition covenants during the term of the franchise	Section 9(D)	No involvement or financial interest in a similar or competing business.
r.	Non-competition covenants after the franchise is terminated or expires	Section 9(E)	No involvement or financial interest in a competing or similar business for two years within 15 miles of another Giordano's® Restaurant, of the Territory or Development Area or of any office, affiliate or facility of Franchisor.
s.	Modification of agreement	Section 16(H)	Modification permitted only by signed written agreement of the parties, except the Manual which may be modified by Franchisor.
t.	Integration / merger clause	Section 16(H)	Only the terms of the Franchise Agreement are binding (subject to applicable state law); however, nothing in the Franchise Agreement or any related agreement is intended to disclaim representations made in this Disclosure Document. No other oral or written agreements concerning the subject matter exist enforceable.
u.	Dispute resolution by arbitration or mediation	Section 16(U)	Except for certain claims, all disputes must be arbitrated in Cook County, Illinois on an individual basis. The decision of the arbitrator is binding.
v.	Choice of forum	Section 16(Q)	Litigation must be in Cook County, Illinois (subject to applicable state law).
w.	Choice of law	Section 17	Except in limited circumstances, the law of the state where your Restaurant is located will apply.

Area Development Agreement:

	Provisions	Section in Area Development Agreement	Summary
a.	Term of Agreement	Section 2	To be determined by you and Franchisor.
b.	Renewal or extension of term	None	
c.	Requirements for you to renew or extend	None	

	Provisions	Section in Area Development Agreement	Summary
d.	Termination by you	None	You may not terminate the Area Development Agreement.
e.	Termination by Franchisor without cause	None	Franchisor may only terminate the Area Development Agreement if you default or for cause as specified in the Area Development Agreement.
f.	Termination by Franchisor with cause	Sections 7(A) and 7(B)	Franchisor may terminate the Area Development Agreement when you are in breach of its terms following notice from Franchisor as the Area Development Agreement requires.
g.	"Cause" defined – defaults which can be cured	Sections 7(A) and 7(B)	You have five days to cure the non-payment of fees. You have 10 days to cure your noncompliance with any law or regulation applicable to the operation of the Restaurant. You have 30 days to cure any other breach.
h.	"Cause defined" – defaults which cannot be cure	Section 7(A)	Non-curable defaults: failure to comply with Development Schedule; abandonment; bankruptcy or insolvency; mutual written agreement between Franchisor and the Area Developer; material misrepresentation or materially unfavorable conduct; repeated defaults even if cured; seizure of assets; unsatisfied judgment; conviction of a felony or other criminal misconduct that adversely affects Franchisor; impairment of goodwill; unauthorized sale, assignment or transfer of your interest; termination of a Franchise Agreement.
i.	Your obligation on termination / nonrenewal	Section 8	Your rights under the Area Development Agreement revert to Franchisor; and you must continue to operate the Giordano's® Restaurants you opened before termination of the Area Development Agreement.
j.	Assignment of contract by Franchisor	Section 6(H)	No restriction on Franchisor's right to assign.
k.	"Transfer" by you – definition	Section 6(A)	Assign, sell, transfer, or encumber by operation of law or otherwise.
l.	Franchisor's approval of transfer by franchisee	Sections 6(A) and 6(C)	All transfers must be approved in advance by Franchisor.

	Provisions	Section in Area Development Agreement	Summary
m.	Conditions for Franchisor approval of transfer	Section 6(A)	Includes: 50% of the Restaurants set forth in the Development Schedule are open and operating; new area developer qualifies, all outstanding debts paid; release signed by you; then-current Area Development Agreement signed by new area developer; transfer fee paid; you have cured all defaults.
n.	Franchisor's right of first refusal to acquire your business	Section 6(E)	Franchisor can match any offer for the Area Developer's business.
o.	Franchisor's option to purchase your business	Section 6(E)	Franchisor can match any third-party offer for the Area Developer's business.
p.	Your death or disability	Section 6(F)	Area Developer must be assigned by surviving spouse, heirs or estate to an approved buyer within 180 days.
q.	Non-competition covenants during the term of the franchise	Section 9(A)	No involvement or financial interest in a similar or competing business.
r.	Non-competition covenants after the Area Development Agreement is terminated or expires	Section 9(B)	No involvement or financial interest in a competing or similar business for two years within 15 miles of another Giordano's® Restaurant, of the Territory or Development Area or of any office, affiliate or facility of Franchisor.
s.	Modification of agreement	Section 11(H)	Modification permitted only by signed written agreement of the parties.
t.	Integration / merger clause	Section 11(H)	Only the terms of the Area Development Agreement are binding (subject to applicable state law); however, nothing in the Area Development Agreement or any related agreement is intended to disclaim representations made in this Disclosure Document. No other oral or written agreements concerning the subject matter exist enforceable.
u.	Dispute resolution by arbitration or mediation	Sections 11(U) and 11(V)	Except for certain claims, all disputes must be arbitrated in Cook County, Illinois on an individual basis. The decision of the arbitrator is binding.
v.	Choice of forum	Section 11(Q)	Litigation must be in Cook County, Illinois (subject to applicable state law).
w.	Choice of law	Section 12	Except in limited circumstances, the law of the state where your Development Area is located will apply.

ITEM 18
PUBLIC FIGURES

Franchisor does not use any public figure to promote its Franchise. No public figure is involved in Franchisor's management.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in Item 19 of the Disclosure Document. Financial performance information that differs from that included in this Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet that 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.

The tables, text and footnotes below in this Item provide information about the annual "Net Sales" (Tables 1, 2 and 3), "Cost of Goods Sold" (Table 4) and "Labor Costs" (Table 5) of the Giordano's® Restaurants open for eighteen months prior to the Franchisor's 2016 fiscal year-end. Net Sales are determined by deducting discounts, employee meal discounts, complimentary meals, voided sales and other sales adjustments (such as sales taxes and tips) from the annual Gross Revenues generated by the Restaurant. Cost of Goods Sold includes the cost of all food, beverages, alcohol and other retail items sold at the Restaurant for on-premise and off-premise consumption (excluding packaging). Labor Costs include all employee-related expenses such as salaries, wages, payroll taxes, benefits and bonuses incurred in the direct operation and management of the Restaurant.

The information in Tables 1, 2 and 3 in this Item were compiled from the Giordano's® Restaurants open for eighteen months prior to the Franchisor's 2016 fiscal year-end. The information in Tables 4 and 5 in this Item was compiled from the company-owned Giordano's® Restaurants open for eighteen months prior to the Franchisor's 2016 fiscal year-end.

All of the Giordano's® Restaurants in the tables below are located in Chicago, Illinois or in a suburb of Chicago, and they are referred to in these tables as the "Chicagoland" Restaurants. Giordano's® Restaurants outside of the Chicago metropolitan area have been excluded from this Item 19 because only a small number of them have been open for eighteen months prior to the Franchisor's 2016 fiscal year-end. Therefore, this Item 19 does not contain any information about how Giordano's® Restaurants might perform in markets outside of the Chicago metropolitan area.

Franchisor requires its franchisees to maintain accurate accountings of their Gross Revenues and sales adjustments, and to the best of Franchisor's knowledge, the accounting records of its franchisees are prepared in accordance with generally accepted accounting principles. The Net Sales for the franchised Giordano's® Restaurants included in Table 1 and

reported in Table 3 have not been audited or verified by either Franchisor or its outside certified public accountants.

Each category of the Giordano's® Restaurants included in the analysis offer substantially similar products and services to their customers. None of Franchisor's franchisees received any services and assistance that are not available to all other franchisees, and new franchisees are offered substantially the same services and assistance as existing franchisees, and will offer substantially similar products and services to their customers.

The following Tables show the annual (52 week) Net Sales of the franchised and company-owned Giordano's® Restaurants for the 2016 fiscal year. Franchisor derived these figures from the financial information of 13 company-owned and 26 franchised Restaurants that were continuously in business in Chicagoland for eighteen months prior to the Franchisor's 2016 fiscal year-end.

The financial information in this item has been prepared by the Franchisor's management and has not been compiled, reviewed or audited by the Franchisor's auditors. Accordingly, the auditors do not express an opinion or any other form of assurance with respect thereto and assume no responsibility for the financial information included in this item.

Table 1
Annual (52 week) Net Sales of Giordano's® Restaurants Continuously Open for 18 Months Prior to the Franchisor's 2016 Fiscal Year-End

Restaurant Description	Number of Restaurants	Average	Minimum	Maximum	Number and Percentage Above/Below Average	Median
Chicagoland Full Service City Restaurants	6[(1)]	$6,030,264	$2,666,472	$9,570,272	3/3 50%/50%	$5,765,680
Chicagoland Full Service Suburban / Urban Restaurants	34[(2)]	$2,037,734	$926,740	$6,200,970	10/24 29%/71%	$1,720,008
Chicagoland Limited Service Suburban / Urban Restaurants	7[(3)]	$709,805	$372,188	$1,265,247	2/5 29%/71%	$527,359

(1) Five Restaurants are company-owned Giordano's® Restaurants, and one Restaurant is a franchised Giordano's® Restaurant.

(2) Eleven Restaurants are company-owned Giordano's® Restaurants and twenty-three Restaurants are franchised Giordano's® Restaurants.

(3) Five Restaurants are company-owned Giordano's® Restaurants, and two Restaurants are franchised Giordano's® Restaurants.

Table 2
Annual (52 week) Net Sales of Company-Owned Giordano's Restaurants Continuously Open for 18 Months Prior to the Franchisor's 2016 Fiscal Year-End

Restaurant Description	Number of Restaurants	Average	Minimum	Maximum	Number and Percentage Above/Below Average	Median
Chicagoland Full Service City Restaurants	5	$6,703,023	$3,148,529	$9,570,272	3/2 60%/40%	$7,482,316
Chicagoland Full Service Suburban / Urban Restaurants	11	$2,537,151	$957,561	$6,200,970	4/7 36%/64%	$2,012,564
Chicagoland Limited Service Suburban / Urban Restaurants	5	$775,414	$372,188	$1,265,247	2/3 40%/60%	$527,359

Table 3
Annual (52 week) Net Sales of Franchised Giordano's Restaurants Continuously Open for 18 Months Prior to Company's 2016 Fiscal Year-End

Restaurant Description	Number of Restaurants	Average	Minimum	Maximum	Number and Percentage Above/Below Average	Median
Chicagoland Full Service City Restaurants	1	$2,666,472	$2,66,472	$2,666,472	N/A	$2,666,472
Chicagoland Full Service Suburban / Urban Restaurants	23	$1,798,882	$926,740	$5,306,984	7/16 30%/70%	$1,675,017
Chicagoland Limited Service Suburban / Urban Restaurants	2	$545,783	$503,847	$587,719	1/1 50%/50%	$545,783

Some outlets have sold these amounts. Your individual results may differ. There is no assurance that you will sell as much.

The Cost of Goods Sold and Labor Costs disclosed as a percentage of Net Sales in Tables 4 and 5 are for company-owned Giordano's® Restaurant's 2016 Fiscal Year performance and include only company-owned Giordano's® Restaurants that were continuously open for eighteen months prior to the Franchisor's 2016 Fiscal Year-End. These Tables do not include information for the franchised Giordano's® Restaurants because as of the issuance date of this Disclosure Document, Franchisor did not collect financial information from its franchisees in a manner permitting it to report this information in this Item.

Table 4
Cost of Goods Sold (1) as Percentage of Net Sales
for Fiscal Year 2016 of Company-Owned Giordano's® Restaurants (2)
Open for 18 Months Prior to the Franchisor's 2016 Fiscal Year-End

Restaurant Description	Number of Restaurants	Average	Minimum	Maximum	Number and Percentage Above/Below Average	Median
Chicagoland Full Service City Restaurants	5	22.8%	22.0%	25.1%	3/2 60%/40%	23.0%
Chicagoland Full Service Suburban / Urban Restaurants	11	25.6%	24.1%	27.8%	7/4 64%/36%	25.9%
Chicagoland Limited Service Suburban / Urban Restaurants	5	26.2%	25.0%	29.5%	2/3 40%/60%	26.1%

Table 5
Labor Costs (1) as Percentage of Net Sales for Fiscal Year 2016
for Company-Owned Giordano's® Restaurants (2)
Open for 18 Months Prior to the Franchisor's 2016 Fiscal Year-End

Restaurant Description	Number of Restaurants	Average	Minimum	Maximum	Number and Percentage Above/Below Average	Median
Chicagoland Full Service City Restaurants	5	26.4%	22.6%	33.3%	3/2 60%/40%	26.7%
Chicagoland Full Service Suburban / Urban Restaurants	11	32.2%	24.8%	53.8%	8/3 73%/27%	34.1%
Chicagoland Limited Service Suburban / Urban Restaurants	5	39.7%	32.1%	54.2%	3/2 60%/40%	45.7%

(1) Cost of Goods Sold and Labor Costs do not include all costs and expenses required to operate your Restaurant. You should consider the additional costs that will be incurred by your Restaurant business, such as general overhead costs, occupancy costs, administrative costs, fees for legal and other professional advisors, and insurance premiums. Franchisees will pay Franchisor Continuing License Fees equal to 6% of their Gross Revenues and Advertising Fees of up to 3 % of their Gross Revenues (see Item 6).

(2) By "company-owned," we mean the Giordano's® Restaurants owned by VPC Pizza Operating Corp. and operated by VPC Mgmt (see Item 1).

The company-owned Giordano's® Restaurants included in Tables 4 and 5 benefit from economies of scale and management that may not be available to a new franchisee. The Cost of Goods Sold and Labor Costs incurred by your Restaurant will be dependent on a variety of factors, including where your Restaurant is located, employment laws and regulations (including those pertaining to health care, minimum wage, and permitted working hours), the number of people you employ, commodity and other food costs, and material costs.

This information is provided as reference information only for your use with other information. Franchisor recommends that prospective franchisees make their own independent investigation of profitability, and consult with an attorney and other advisors before executing the Franchise Agreement. You should consult with your financial, business, tax, accounting and legal advisors about the information contained in this Item.

Franchisor will provide written substantiation of the data used to prepare the information contained in this Item upon receipt of a reasonable written request from you.

Other than the preceding financial performance representation, Franchisor does not make any financial performance representations. Franchisor also does not authorize its employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, Franchisor 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 Franchisor's management by contacting Mr. Brent Johnson, 444 N. Michigan Avenue, Suite 1110, Chicago, Illinois 60611, (312) 589-3213, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For 2014/2015/2016 Fiscal Years

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised	2014	31	31	0
	2015	31	32	+1
	2016	32	34	+2

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Company-Owned[(1)]	2014	13	15	+2
	2015	15	23	+8
	2016	23	28	+5
Total Outlets	2014	44	46	+2
	2015	46	55	+9
	2016	55	62	+7

(1) References to "company-owned" Restaurants in this Item mean the Giordano's® Restaurants owned by VPC Pizza Operating Corp. and operated by VPC Mgmt (see Item 1).

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For 2014/2015/2016 Fiscal Years

State	Year	Number of Transfers
Florida	2014	0
	2015	0
	2016	0
Illinois	2014	0
	2015	0
	2016	0
Total	2014	0
	2015	0
	2016	0

Table No. 3
Status of Franchised Outlets
For 2014/2015/2016 Fiscal Years

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Florida	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Illinois	2014	28	0	0	0	0	0	28
	2015	28	3	2	0	0	0	29
	2016	29	1	0	0	0	0	30
Michigan	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
Totals	2014	31	0	0	0	0	0	31
	2015	31	3	2	0	0	0	32
	2016	32	2	0	0	0	0	34

Table No. 4
Status of Company-Owned Outlets[(1)]
For 2014/2015/2016 Fiscal Years

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arizona	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	1	0	0	0	1
Illinois	2014	13	2	0	0	0	15
	2015	15	4	2	0	0	21
	2016	21	1	0	0	0	22
Indiana	2014	0	0	0	0	0	0
	2015	0	1	0	0	0	1
	2016	1	1	0	0	0	2
Minnesota	2014	0	0	0	0	0	0
	2015	0	1	0	0	0	1
	2016	1	1	0	0	0	2
Nevada	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	1	0	0	0	1
Totals	2014	13	2	0	0	0	15
	2015	15	6	2	0	0	23
	2016	23	5	0	0	0	28

Table No. 5
Projected Openings as of End of Last Fiscal Year

State	Franchise Agreements Signed But Outlet Not Opened[(1)]	Projected New Franchised Outlets In Next Fiscal Year (2017)	Projected New Company-Owned Outlets In Next Fiscal Year (2017)
Arizona	0	0	1
Illinois	1	2	0
Indiana	1	1	0
Michigan	1	1	0
Nevada	0	0	1
Ohio	0	0	1
Totals	3	4	3

(1) During Franchisor's 2016 fiscal year.

The name, business address, and business telephone number of the current franchisees are listed in Exhibit F to this Disclosure Document.

The name, city, state, and current business telephone number (or, if unknown, the last known home telephone number) of the franchisee(s) who had a franchised Giordano's®

Restaurant terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or who left the System during the most recently completed fiscal year, or had not communicated with us within the last 10 weeks are listed in Exhibit G to this Disclosure Document.

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

We are not currently offering any existing franchised outlets to prospective franchisees, including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this Disclosure Document.

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

As of the date of this Disclosure Document, there were no trademark-specific franchisee organizations associated with the Giordano's® System.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit C to this Disclosure Document is our audited financial statements as of January 2, 2017, December 28, 2015, and December 29, 2014, as well as our unaudited financial statement as of July 3, 2017. The unaudited interim financial statement in this item has been prepared by the Franchisor's management and has not been compiled, reviewed or audited by the Franchisor's auditors. Accordingly, the auditors do not express an opinion or any other form of assurance with respect thereto and assume no responsibility for the financial information included in this item.

ITEM 22
CONTRACTS

The following contracts are attached to this Disclosure Document:

Exhibit A – Franchise Agreements with exhibits:
- Location Acceptance Statement (Exhibit A)
- Licensed Marks (Exhibit B)
- Lease Term Requirements (Exhibit C)
- Option for Assignment of Lease (Exhibit D)
- Ownership/Management of Franchisee (Exhibit E)
- Owners' and Guarantors' Undertaking (Exhibit F)

Exhibit B – Area Development Agreement

Exhibit D – Franchisee Approved Supplier and Distributor Assistance Agreement

Exhibit I – Franchise Compliance Certificate

ITEM 23
RECEIPTS

You will find two copies of a detachable Receipt in Exhibit K at the end of this Disclosure Document. One Receipt must be signed, dated and delivered to us. The other Receipt should be retained by you for your records.

ADDENDUM TO
VPC PIZZA FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR STATE MODIFICATIONS

The Franchise Agreement and the Area Development Agreement provide for termination upon your bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101, et seq.).

Note to California franchisees: The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with a copy of this Disclosure Document.

Neither Franchisor nor any person identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a, et seq., suspending or expelling the person from membership in the association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or nonrenewal of your franchise. If the Franchise Agreement or Area Development Agreement contains provisions that are inconsistent with the law, the law still controls.

You must sign a release of claims when you transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 2000 through 20043).

The provisions of the Franchise Agreement and Area Development Agreement containing covenants not to compete which extend beyond its term may not be enforceable under California law.

California Corporations Code, Section 31125 requires Franchisor to give you a disclosure document, approved by the California Department of Business Oversight, before the solicitation of a proposed material modification of your franchise.

The Franchise Agreement and Area Development Agreement require binding arbitration in Chicago, Illinois. You will bear the costs of the arbitration if Franchisor prevails. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Area Development Agreement restricting venue to a forum outside the State of California. The provisions of the Franchise Agreement or the Area Development Agreement requiring jurisdiction and venue in Illinois may not be enforceable under California law.

Franchisor's website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

Note to Illinois franchisees: The Franchise Agreement and the Area Development Agreement will be governed by Illinois law, including the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/1-44 (the "Illinois Act").

Section 4 of the Illinois Act provides that the provisions of the Franchise Agreement and Area Development Agreement which designate jurisdiction or venue in a forum outside of Illinois are void. The Franchise Agreement and Area Development Agreement provide for arbitration in Illinois.

Section 41 of the Illinois Act provides that any condition, stipulation or provision purporting to require you to waive compliance with the Illinois Act or any other Illinois law is void. However, you can enter into a settlement agreement, execute a general release of a potential or actual lawsuit, and arbitrate any claim.

Franchisor will comply with 815 ILCS 705/19 which requires, except in certain situations, that you be given a reasonable opportunity to cure any breaches under your Franchise Agreement or Area Development Agreement before termination.

Note to Minnesota franchisees: The scope of release executed by you as a condition of renewal or assignment of the franchised business will be limited by applicable law. Minn. Rule 2860.4400D prohibits Franchisor from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minn. Stat. Secs. 80C.01 to 80C.22.

Franchisor will comply with Minn. Stat. §80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of your franchise.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor 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.

Franchisor will protect your right to use its trademarks, service marks, trade names, logotypes and commercial symbols, and will indemnify you from any loss, cost or expense arising out of a claim, suit or demand regarding your authorized use of the Marks.

Nothing in this Disclosure Document or the agreements attached as exhibits to this Disclosure Document can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Note to Washington franchisees: In the State of Washington, the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Washington Act") may supersede the Franchise Agreement in your relationship with Franchisor, including the areas of termination and

renewal of your Franchise. There may also be court decisions that may supersede the Franchise Agreement in your relationship with Franchisor, including the areas of termination and renewal of your Franchise. If there is a conflict of laws, the provisions of the Washington Act will prevail.

A release or waiver of rights executed by you will not include rights under the Washington Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Washington Act, rights or remedies under the Washington Act, such as a right to a jury trial, may not be enforceable.

Assignment fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting an assignment.

In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the State of Washington, in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

ADDENDUM TO
VPC PIZZA FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

The Item 5 of the Franchise Disclosure Document regarding the Initial Franchise Fee and the Development Fee are amended and revised as follows:

The Securities Division of the Washington Department of Financial Institutions has determined that Franchisor must assure its financial ability to furnish goods and services to assist its franchisees in establishing and opening their franchises by one of several means, at Franchisor's option. As a result, the payment of the Initial Franchise Fee will be deferred until you commence business at your Restaurant.

Initial Franchise Fee

The Initial Franchise Fee for a single Limited-Service or Full-Service Restaurant is $40,000, and is payable in full when you commence business at the Restaurant. A Restaurant that seats approximately 0-20 customers or is between 900-1,800 square feet in area is a limited-service restaurant (a "**Limited-Service Restaurant**"). A Restaurant that seats more than 20 customers or is between 3,500-4,500 square feet in area is a full-service restaurant (a "**Full-Service Restaurant**"). Unless otherwise specified, all references in this Disclosure Document to a Giordano's® Restaurant or a Restaurant will include a Limited-Service Restaurant and a Full-Service Restaurant. We charge the Initial Franchise Fee uniformly to all franchisees. The Initial Franchise Fee is fully earned when paid and non-refundable.

Franchisor currently requires you to establish an inventory of, and purchase before the opening of your Restaurant, certain specially formulated proprietary products, Franchisor's secret spice blend and other proprietary products, and Giordano's® brand name products only from Americana. The amount you are required to spend on these purchases will vary depending on the size of your Restaurant, but they are estimated to range from $3,000 to $4,000 for Limited-Service Restaurants and from $10,000 to $20,000 for Full-Service Restaurants, for the initial opening of your Restaurant. Americana charges each Restaurant the same price for each product required to be purchased from Americana. All payments to Americana are fully earned when paid and non-refundable.

Development Fee

If you sign an Area Development Agreement, you must also pay Franchisor a non-refundable Development Fee equal to $20,000 multiplied by the number of Restaurants that you must develop under the Area Development Agreement. You will pay the Development Fee in full when you open your first Restaurant in the Development Area.

You will sign a separate Franchise Agreement for each Restaurant you develop under the Area Development Agreement and, in addition to the Development Fee, you must pay a non-refundable Initial Franchise Fee for each Restaurant you develop in the Development Area. The Initial Franchise Fee you are required to pay for each Restaurant will be the amount stated in the

then-current form of Franchise Agreement executed in accordance with the Development Schedule, less $20,000.

You will pay an Initial Franchise Fee for each Restaurant you develop according to the Development Schedule in the Area Development Agreement. You must sign your first Franchise Agreement for the first Restaurant in the Development Area when you sign the Area Development Agreement. You must pay the Initial Franchise Fee for the first Restaurant in the Development Area when you commence business at the Restaurant. You will pay the Initial Franchise Fee for each subsequent Restaurant developed by you in the Development Area on the date required by the terms of each then-current standard Franchise Agreement executed in accordance with the Development Schedule.

Item 7 of the Franchise Disclosure Document is amended and revised by the addition of the following language:

The Initial Franchise Fee is payable to Franchisor when you commence business at your Restaurant, rather than when you sign the Franchise Agreement. If you sign an Area Development Agreement, the Development Fee is payable in full when you commence business at the first Restaurant in your Development Area.

EXHIBIT A

VPC PIZZA FRANCHISE, LLC

FRANCHISE AGREEMENT

VPC PIZZA FRANCHISE, LLC

Giordano's®

FRANCHISE AGREEMENT

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STATE-SPECIFIC ADDENDA TO FRANCHISE AGREEMENT

VPC PIZZA FRANCHISE, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT is made and entered into on ____ day of_____, 20___ (the "**Effective Date**") by and between VPC PIZZA FRANCHISE, LLC, ("**Franchisor**") whose principal business address is 444 N. Michigan Ave., Suite 1110, Chicago Illinois 60611, Chicago, Illinois 60611, and _____, ("**Franchisee**") whose address is _____, for the following period, unless terminated earlier as provided herein:

☐ **Initial Term:** Period of ten (10) years commencing on _____ and ending _____

☐ **First Renewal Term:** Period of five (5) years commencing on _____ and ending _____

☐ **Second Renewal Term:** Period of five (5) years commencing on _____ and ending _____

RECITALS

Franchisor has the right to construct, own, operate, supervise and exclusively franchise certain outlets (referred to herein as "**Restaurants**") that specialize in the preparation and sale of stuffed and thin-crust pizza and other products (the products which Franchisee shall be required to sell at Franchisee's Restaurant are referred to herein as "**Approved Products**") and in the performance and rendering of services as are designated and approved from time to time by Franchisor (such services which Franchisee will be required to perform to or render at Franchisee's Restaurant are referred to herein as the "**Approved Services**") using the Marks and pursuant to the System, both as hereinafter defined.

Franchisor is the owner of, or licensed to use and sublicense, certain trade secrets and confidential and proprietary information including, but not limited to:

1. The trade name, trademark and service mark "Giordano's®" (collectively, the "**Marks**"), and

2. Proprietary and secret recipes and formulae for the preparation of stuffed and thin-crust pizza and other Approved Products; secret spice ingredients for the preparation of pizza dough and pizza sauces for stuffed and thin-crust pizza and other Approved Products; know-how, trade secrets, formats, designs, systems, methods, specifications, standards, procedures, a unique and readily recognizable commercial symbol, a unique method and style of interior design, layout, signage and decoration, and a unique and secret method of operating Restaurants serving stuffed and thin-crust pizza and other Approved Products and providing Approved Services, all of which are designed to maintain a uniform high quality of product, service and image, all of which may be improved, further developed or otherwise modified from time to time by Franchisor (all of which are referred to herein as the "**System**").

Franchisor has the right and authority to license the use of the name "Giordano's®" and the other Marks for use in connection with the System to selected persons, businesses or entities that will comply with Franchisor's uniformity requirements and quality standards. Franchisor intends, in the exercise of its business judgment, to develop, use and control the use of the Marks in order to identify for the public the source of the Approved Products and Approved Services marketed under the Marks using the System, and to represent to the public the System's high standards of quality, appearance, cleanliness and service.

Franchisee recognizes that in order to better promote and enhance the value of the System, the Marks, the Approved Products, the Approved Services, and the other products and services sold at the Restaurants, and the goodwill associated therewith, this Agreement places detailed and substantial obligations on Franchisee, including strict adherence to Franchisor's present and future requirements regarding products, services, advertising, physical facilities and related matters.

Franchisee is willing to undertake the investment and effort to establish and develop a franchised Giordano's® Restaurant (the "**Giordano's® Restaurant**," the "**Restaurant**" or the "**Franchise**") and personally to devote its full time and best efforts in the operation of the Restaurant using the unique Giordano's® System and the Marks and selling the Approved Products and rendering the Approved Services.

Franchisee desires to develop, own and operate a Giordano's® Restaurant in strict conformity with the System and the uniformity requirements and quality standards, as may be established by Franchisor from time to time, and all other terms of this Agreement. Franchisee acknowledges the importance of, and the value to be derived by Franchisee, Franchisor, and other Giordano's® franchisees from the System, the Marks, uniformity of image among all Restaurants, and uniformity and consistency of the Approved Products and Approved Services and other products sold and services rendered at all Restaurants. Any required specifications, standards and operating procedures exist to protect Franchisor's interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee.

Franchisor is desirous of granting Franchisee a license pursuant to which Franchisee will have the right to operate a Giordano's® Restaurant pursuant to Franchisor's System at a location to be designated pursuant to Section 4(A) of this Agreement and specified in the Location Addendum attached as **Exhibit A** hereto.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and in further consideration of the mutual covenants and promises contained herein, Franchisor and Franchisee agree as follows:

1. GRANT OF LICENSE AND TERRITORY

A. **Grant of License**. Subject to the terms, conditions and limitations elsewhere in this Agreement, Franchisor hereby grants to Franchisee during the License Term (as defined herein below) a nontransferable personal license (the "**License**") to use at the address specified in the Location Addendum to be executed by Franchisor and Franchisee in the form of **Exhibit A** attached hereto, the Marks as described in **Exhibit B** attached hereto (which Marks may be amended or modified from time to time) and to market, sell and provide the Approved Products and to perform and render the Approved Services in accordance with Franchisor's System (which System may be modified from time to time). The Approved Products and Approved Services are the only products and services authorized to be offered at the Restaurant. As Approved Products and Approved Services are introduced by Franchisor into the System or are deleted from the System, Franchisor will give notice of the time and manner of introduction or deletion. Franchisee obtains no right, title or interest in the System, the Marks, or the Approved Products and Approved Services other than the right expressly granted in this Section 1(A) to use them in accordance with the terms of this Agreement. The License granted in this Section shall expire on termination of this Agreement whether by expiration of time, by act of Franchisor, as a result of Franchisee's default, or otherwise.

B. **Limitations on License**. The License does not include any right to sell any product for resale or the right to prepare or sell any product that is not an Approved Product, or provide any service that is not an Approved Service at or from any location except the specific address designated in the Location Addendum. Franchisee may not use the System or the Marks licensed hereunder at any location other than the specific address designated in the Location Addendum; nor may Franchisee prepare or sell Approved Products or any other product substantially similar thereto at or from any location other than the specific address designated in the Location Addendum or on the Internet; nor may Franchisee perform or render the Approved Services or serve Restaurant customers at or from any location other than the specific address designated in the Location Addendum. Franchisee's failure to adhere to these terms shall be a material breach of this Agreement and shall give Franchisor, in addition to all other rights and remedies hereunder, the right to terminate this Agreement.

C. **Delivery.** Although Franchisee may accept telephone orders for delivery of Approved Products originating from the Site (as defined in Section 4(A) of this Agreement) to a destination within the "**Delivery Area**" determined by Franchisor as defined in the Location Addendum, the License does not include the exclusive right to deliver Approved Products within the "**Territory**" designated in the attached Location Addendum. Franchisee agrees to indemnify and hold Franchisor harmless for any claims or liability arising out of disputes with respect to delivery service and/or advertising that may cross over the boundaries defining Franchisee's Territory.

D. **Restaurant Name**. Franchisee agrees that the Restaurant herein licensed shall be called "Giordano's®" without any suffix or prefix attached thereto and shall have signs, advertising and slogans which shall have been approved by Franchisor and which denote that the Restaurant is named only "Giordano's®" and shall have no signs, advertising or slogans not so approved in writing by Franchisor. Franchisee will comply with all local, state and national governmental requirements in filing the appropriate agency notice of the fact that it is doing business as "Giordano's®."

E. **Exclusivity**. During the License Term, and provided Franchisee is in full compliance with this Agreement, Franchisor shall not operate or grant a Franchise for the operation of another Giordano's® Restaurant at any location within the Territory (if any) described or stated in the Location Addendum during the term of this Agreement, unless Franchisor first provides Franchisee with the right of first refusal described in Section 1(G) below. Notwithstanding anything to contrary herein, Franchisor retains the right to conduct sales at special events such as, but not limited to, fairs or food-fests which may be located within the Territory, but only after giving Franchisee notice that Franchisor will conduct such sales after Franchisee has elected not to participate in the event, and further excepting that Franchisor retains the right to conduct marketing tests in the Territory. Franchisor need not provide Franchisee with any right of first refusal for operations at such special events. In addition, Franchisor retains the sole and exclusive right to market its stuffed and thin crust pizza and other products through grocery outlets, the Internet, airports, shopping centers, food courts, stadiums, military installations, public carriers, and any other channels of distribution (including, but not limited to, airplanes, trains, and cruise lines), which may originate in or service Franchisee's Territory. Additionally, and not by way of limitation, Franchisor retains the exclusive right to ship its stuffed and thin crust pizza and other Approved Products, whether such orders for shipment are received by telephone, facsimile transmission, Internet communication or otherwise, and without regard to the origination of the order or destination of the shipped product.

F. **Exceptions**. Other than as expressly provided above, it is expressly understood and agreed by and between Franchisor and Franchisee that (1) Franchisee does not have any "exclusive," "protected" or "reserved" territorial or similar rights; (2) Franchisor (on behalf of itself and its affiliates) retains all rights with respect to Giordano's® Restaurants, the Marks and the sale of products and services, anywhere in the world including, without limitation: (a) the right to operate or grant others the

right to operate Giordano's® Restaurants at such locations anywhere outside the Territory regardless of its proximity to Franchisee's Restaurant, and on such terms and conditions as Franchisor, in its sole discretion, deems appropriate; (b) the right to develop, manufacture, distribute, rent and/or sell products, whether competitive or not and whether identified by the Marks or otherwise, through any channel of distribution within or outside the Territory, and/or grant others such right; (c) the right to develop, market, distribute, rent and/or sell any other product or service or own or operate any other business under the Marks or any other trademark; and (d) the right to own, operate, manage, franchise and/or license other restaurant concepts anywhere in the world if Franchisor or an affiliate derives its ownership or other interest in such restaurants as a part of an acquisition or purchase of the ownership or assets of another entity.

G. **Right of First Refusal**. If Franchisor desires to operate or grant a Franchise for the operation of another Giordano's® Restaurant at any location within the Territory (if any) described or stated in the Location Addendum during the term of this Agreement and if Franchisee is in full compliance with this Agreement and any other agreement with Franchisor, Franchisor must give Franchisee not less than thirty (30) days prior written notice of such proposed transaction. Said notice may specify, among other things, the planned location for the new Giordano's® Restaurant and the price, terms, and other conditions relevant to the proposed transaction. Franchisee shall have the option, exercisable within fifteen (15) days after receipt of such notice, to irrevocably agree in writing to pursue the same transaction for the same price and upon the same terms and conditions as set forth in the notice. If Franchisee waives or does not timely exercise its right of first refusal, then Franchisor may complete the proposed transaction without Franchisee's involvement.

2. LICENSE TERM AND RENEWAL OPTIONS

The License granted pursuant to this Agreement is for a period of time known as the "**License Term**." The total of all potential License Terms granted under all Franchise Agreements by and between Franchisee and Franchisor shall be for a total of twenty (20) years.

A. **Initial License Term**. An Initial License Term shall be granted upon execution of the first Franchise Agreement entered into by and between Franchisee and Franchisor, for a period of ten (10) years, subject however, to earlier termination as provided for in this Agreement.

B. **Renewal Terms**. After the expiration of the Initial License Term, Franchisee shall have two (2) options to renew the License for a period of five (5) years each ("**Renewal Terms**"). Franchisee may exercise each renewal option by giving written notice thereof to Franchisor not more than eighteen (18) months and not less than one (1) year prior to the expiration of the Initial License Term or the First Renewal Term, whichever is applicable. The applicable Renewal Term shall commence upon expiration of the Initial License Term or the First Renewal Term, and execution of the then-current Franchise Agreement and ancillary agreements, subject however, to earlier termination as provided for in this Agreement.

The grant of each Renewal Term is contingent upon Franchisee's compliance with the notice requirement set forth above and with Franchisee's further compliance with the following additional requirements:

(1) At the time the renewal option is exercised and at the anticipated commencement of the Renewal Term, Franchisee shall be in good standing and in full compliance and shall not be in default under this Agreement, a previous Franchise Agreement or any other agreement or obligation Franchisee may have with or to Franchisor or any other affiliate of Franchisor;

(2) Franchisee agrees to make capital expenditures that may be reasonably required to renovate and modernize the Restaurant and its signs and equipment as required by Franchisor to reflect the then-current Giordano's® Restaurant image;

(3) If renovation and modernization of the Restaurant are not feasible or Franchisee is unable to maintain possession of the Restaurant premises, Franchisee must relocate the Restaurant within the Territory, or such other area that Franchisor approves in writing in accordance with this Agreement and Franchisor's relocation procedures;

(4) At the time of renewal, Franchisee must execute a new Franchise Agreement and such ancillary agreements as Franchisor then customarily uses to grant Giordano's® Restaurant franchises (with appropriate modifications and/or designations to reflect the grant of a Renewal Term for a period of five (5) years), which agreements may contain fees and other provisions that differ from those contained in this Agreement;

(5) Franchisee pays Franchisor a renewal fee in an amount equal to fifteen percent (15%) of the then-current Initial Franchise Fee charged by Franchisor at the time Franchisee executes such new Franchise Agreement for a five (5) year period;

(6) At the time the renewal option is exercised and at the time such renewal is expected to commence, all money obligations owed to Franchisor, any affiliate of Franchisor and any suppliers must be current and must have been current at all times during the preceding twelve (12) months*;*

(7) Franchisee must not have engaged in repeated breaches of this Agreement or any other agreement with Franchisor within the preceding twenty-four (24) months; and

(8) Franchisee must furnish Franchisor with a copy of the lease for the Site indicating a lease term including options, at least as long as the Renewal Term.

Franchisor may refuse to renew the License Term if Franchisee fails to satisfy any of the conditions described above.

If Franchisee continues to operate the Restaurant after the expiration of the Initial License Term or after the expiration of a Renewal Term without exercising its option to renew, Franchisee shall be deemed to be in default and operating on a month-to-month basis under the terms and conditions of the franchise agreement then being offered to a new Giordano's® franchisees, subject, however, to Franchisor's right to immediately terminate the License upon delivery of written notice to Franchisee.

If local law requires that Franchisor give notice to Franchisee prior to the expiration of any term hereof, this Agreement shall remain in effect on a month-to-month basis following such expiration until Franchisor has given Franchisee the notice required by law.

3. **FEES**

A. **Initial Franchise Fee**. In consideration of the foregoing grant of the License, Franchisee shall pay to Franchisor an Initial Franchise Fee in the amount of Forty Thousand Dollars ($40,000) for a Giordano's® Limited-Service or Full-Service Restaurant. A Restaurant at a Site which seats up to twenty (20) customers or is between nine hundred (900) and eighteen hundred (1,800) square feet in area is a limited-service restaurant (a "**Limited-Service Restaurant**"). A Restaurant at a Site which seats more than twenty (20) customers or is between thirty-five hundred (3,500) and forty-five hundred (4,500) square feet in area is a full-service restaurant (a "**Full-Service Restaurant**").

The License granted by Franchisor to Franchisee by this Agreement is for a (check one):

____ Limited-Service Restaurant

____ Full-Service Restaurant

The Initial Franchise Fee shall be paid to Franchisor in full, by cashier's or certified check (or other form of payment reasonably acceptable to Franchisor) at the time of Franchisee's delivery to Franchisor of two (2) executed copies of this Agreement. The Initial Franchise Fee shall be deemed fully earned by Franchisor upon Franchisor's delivery to Franchisee of a copy of this Agreement executed by Franchisor. Subsequent to Franchisor's execution of this Agreement, the Initial Franchise Fee shall not be refunded, in whole or in part, unless otherwise provided herein. References in this Agreement to the "Giordano's® Restaurant" or the "Restaurant" include Franchisee's Limited-Service Restaurant or Full-Service Restaurant, whichever is applicable.

B. **Continuing License Fee**. In further consideration of the foregoing grant of License, Franchisee shall, without notice from Franchisor, pay to Franchisor on a weekly basis a non-refundable Continuing License Fee in an amount equal to six percent (6%) of Franchisee's weekly Gross Revenues ("**Gross Revenues**" is defined below) commencing on the first day of operation of the Restaurant. On or before Wednesday of each week (Monday through Sunday), Franchisee shall, without notice from Franchisor, pay to Franchisor the Continuing License Fee for the preceding week. Each such payment shall be accompanied by a statement of daily Gross Revenues, which shall be described in such form and detail as may be required and prescribed by Franchisor from time to time, and shall be certified by Franchisee as true, complete and correct, and shall be delivered to Franchisor's principal business address. Franchisor reserves the right to change the time and manner of the Continuing License Fee and Advertising Fee payments upon thirty (30) days prior written notice to Franchisee.

C. **Advertising Fee**. In further consideration of the foregoing grant of the License, Franchisee shall, without notice from Franchisor, pay to Franchisor or its designee a nonrefundable Advertising Fee in an amount equal to a percentage of Franchisee's Gross Revenues. The percentage shall be determined by Franchisor from time to time, but shall not exceed three percent (3%) of Gross Revenues. The Advertising Fee shall be payable at the same time and in the same manner as the Continuing License Fee. Franchisor will give Franchisee not less than thirty (30) days prior written notice of the percentage to be charged, or of any change in the percentage to be charged. All Advertising Fees will be accounted for separately from Franchisor's other funds and administered by Franchisor. The Advertising Fee shall be used for national and/or regional advertising, publicity and promotion relating to Giordano's® Restaurants. Franchisor alone will determine, in its fully unrestricted discretion, the manner in which the Advertising Fee will be expended. Some portion of the Advertising Fee may be used for production of marketing surveys, research and development, image, design, test marketing, donations in the form of Giordano's® gift certificates and/or Approved Products, and for the development, production, publication and distribution of advertising and promotional materials which, in the sole discretion of Franchisor, will most advance the unique Giordano's® System or the Approved Products and Approved Services. Franchisor may also use some portion of the Advertising Fee to advertise and promote the Marks and name recognition, regionally and/or nationally and for the development and administration of a gift card program for Giordano's® Restaurants. Franchisor shall direct all such advertising activities with sole discretion over the selection of the advertising agencies and public relations firms and over creative concepts, materials and media used and the placement and allocation thereof. Franchisor shall have the right to determine, in its sole discretion, the composition of all geographic and market areas for the implementation of such advertising and promotional activities.

D. **Use of Advertising Fees**. Franchisee acknowledges and agrees that the Advertising Fees are intended to maximize general public recognition of the Marks and patronage of all Giordano's® Restaurants. Franchisor will undertake no obligation to ensure that expenditures of the Advertising Fees in or affecting any geographic area are proportionate or equivalent to payments of Advertising Fees by franchisees operating in that geographic area or that any Giordano's® Restaurant will benefit directly from or in proportion to the Advertising Fees paid by it from the development of advertising and marketing materials or the placement of advertising. Franchisee acknowledges that its failure to derive any such benefit will not serve as a basis for a reduction or elimination of its obligation to pay its Advertising Fee. Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of Advertising Fees.

E. **Administrative Costs**. Franchisor reserves the right to reimburse itself out of the Advertising Fees for the total actual costs (including indirect costs) of developing, producing and distributing any advertising materials, administering regional and multi-regional advertising programs, and collecting and holding the Advertising Fees ("**Administrative Costs**"). Such reimbursement for Administrative Costs shall include, without limitation, attorneys', auditors' and accountants' fees, tax liabilities and other expenses incurred in connection with administering, accounting for and collecting any Advertising Fees, as well as the proportionate share of Franchisor's office rent, overhead and compensation for Franchisor's employees who devote time and render services in connection with the development of advertising, collections and administration of the Advertising Fees. On an annual basis, Franchisor will limit the amount of Advertising Fees used to pay Administrative Costs to seventeen percent (17%) of the total Advertising Fees spent during such annual period.

F. **Advertising Agency Services.** In addition to Franchisor's Administrative Costs described in the preceding paragraph, Franchisor may hire, and pay from the Advertising Fees, an advertising agency, public relations firm or similar source to formulate, develop, produce and conduct the advertising and promotional programs. Franchisor also reserves the right to undertake and provide such services in-house.

G. **Waiver of Advertising Fee**. Franchisor reserves the right from time to time, by notice to Franchisee, to waive all or part of the continuing Advertising Fee during or in respect to any period in which Franchisor's sales promotions program is or will be inactive, but any such waiver is without prejudice to Franchisor's right to reinstate the continuing Advertising Fee, prospectively, by prior written notice to Franchisee, in connection with or in anticipation of reactivation of the program. Franchisor reserves the right to defer or reduce contributions of any Giordano's® franchisee. An unaudited statement of the Advertising Fees will be prepared annually by Franchisor and will be made available to Franchisee upon request. Franchisor may, from time to time, cause the Advertising Fees to be audited, but it has no obligation to do so.

H. **Gross Revenues**.

(1) No mention of products or services in this Section is intended to mean or imply that such products or services are approved for sale at a Restaurant.

(2) For purpose of this Agreement, "**Gross Revenues**" includes all sales, monies, revenues, charges, and receipts received by Franchisee including, for purposes thereof, such sales, monies, revenues, charges, and receipts received by any other person which are derived from products prepared or sold and services performed at the Restaurant whether or not paid to or received by Franchisee, at special events or from catering and from all sales and orders made, solicited or received at the Restaurant or at special events and from all other business whatsoever conducted at or from the Restaurant or related in any way to the Restaurant including, but not limited to, pick-up and delivery of products, and whether

such revenues are evidenced by cash, credit (and regardless of collection in the case of credit), checks, gift certificates, scrip, coupons, services, property or other means of exchange, and whether such sales are of food, beverages, tobacco products, vending or coin operated machine items, services, merchandise or products of any nature whatsoever. However, Gross Revenues shall not include (a) sales taxes or other taxes measured on the basis of the Gross Revenues of the business imposed by governmental authorities directly on sales and collected from customers, provided the taxes are added to the selling price and are in fact, paid by Franchisee to the appropriate governmental authorities ("**Sales Taxes**"); or (b) promotional discounts or coupons authorized in writing by Franchisor not to exceed five percent (5%) of weekly Gross Revenues (the "**Discount**"). Franchisor may increase the Discount from time to time for special promotions it approves.

(3) Gross Revenues shall be deemed received by Franchisee at the time any payment or promise of payment is received by Franchisee, whether such payment represents an installment or partial payment or payment in full for any of the products, merchandise or services sold, contracted for or rendered. Gross Revenues consisting of property or services shall be valued at the prices applicable, at the time such Gross Revenues are received, to the products or services exchanged for such Gross Revenues.

(4) Franchisee shall report Gross Revenues to Franchisor at the time of payment of the Continuing License Fee and Advertising Fee on such form and in such detail as may be prescribed from time to time by Franchisor, and at the same time Franchisee shall deliver to Franchisor all guest checks and customer order tickets as Franchisor may from time to time require.

I. **Closure of Restaurant**. If Franchisee closes its Restaurant or ceases to operate its Restaurant for any period of time, whether voluntarily or involuntarily even if the closure or cessation of operation of the Restaurant is the result of events beyond Franchisee's control, such as fire, natural disaster, act of God, riot, or civil war, Franchisee shall, nevertheless, continue to pay Franchisor the Continuing License Fee and Advertising Fee each week as provided in Sections 3(B) and 3(C) herein. If there are no actual Gross Revenues during any week during which the Restaurant is closed, then Franchisee's Gross Revenues for such week shall be deemed to be the average weekly Gross Revenues for the most recent fifty-two (52) weeks during which Franchisee's Restaurant was open preceding the closure of the Restaurant. If Franchisee's Restaurant was not open for fifty-two (52) weeks prior to the closure, then Franchisee's Gross Revenues for such week shall be deemed to the average weekly Gross Revenues for all of the weeks Franchisee's Restaurant was open for business preceding the closure. If Franchisee's Restaurant was not open for business for at least seven (7) days prior to the closure of the Restaurant, Franchisee's Gross Revenues for such week shall be deemed to be Franchisee's average daily Gross Revenues on those days in such week during which the Restaurant was fully open multiplied by seven (7).

J. **Interest on Late Payments; Administrative Fee**. To encourage prompt and timely payment of Continuing License Fees, Advertising Fees and any and all other sums which Franchisee may owe to Franchisor from time to time pursuant to the terms hereof, and to cover the costs and expenses involved in handling and processing of any payments not received by their due dates, Franchisee shall also pay, upon demand, a late payment charge in an amount equal to the lesser of (i) interest of the late payment at the rate of two percent (2%) per month, compounded monthly, or (ii) the highest rate of interest permitted by law. Such interest charge shall accrue from the date payment was due until the date payment is actually received by Franchisor. Franchisee will also pay Franchisor an Administrative Fee of One Hundred Dollars ($100) for each delinquent payment within ten (10) days after the delinquent payment was due. Notwithstanding the foregoing, each failure to pay Continuing License Fees, Advertising Fees or other payments payable to Franchisor when due will be a material breach of this Agreement.

K. **Application of Payments**. Franchisor shall have sole discretion to apply any payments received from Franchisee to any past due indebtedness of Franchisee for Continuing License Fees, Advertising Fees, purchases from Franchisor or its affiliates, late payment charges or any other indebtedness of Franchisee to Franchisor or its affiliates. Franchisor may receive, endorse deposit, or otherwise collect any payment from Franchisee and apply such payment in Franchisor's discretion, notwithstanding the insertion by Franchisee of a restrictive endorsement on such payment or the tendering by Franchisee of such payment on or subject to any condition, and no restrictive endorsement on or conditional submission by Franchisee of any payment shall be binding on Franchisor.

L. **Payment Offsets**. Franchisor may set off from any amounts that Franchisor or its affiliates may owe Franchisee any amount that Franchisee owes to Franchisor or its affiliates including, without limitation, Continuing License Fees, Advertising Fees, late payment interest, amounts owed to Franchisor or its affiliates for the purchase of goods or services, or for any other reason. However, Franchisee does not have the right to offset payments owed to Franchisor or its affiliates for amounts purportedly due to Franchisee or for any other reason.

4. LOCATION OF RESTAURANT; LEASE; CONSTRUCTION; OPENING FOR BUSINESS

A. **Location of Restaurant**. A Giordano's® Restaurant Franchise is granted only for a single designated location. If the location for the Restaurant has not been specified at the time of the execution of this Agreement by Franchisor and Franchisee, Franchisee shall, upon the execution of this Agreement, use its best efforts and proceed with diligence to obtain and designate a specific location for the Restaurant, which Site will be subject to Franchisor's written evaluation. (A site evaluated by Franchisor is referred to in this provision as a "**Site**.") Upon Franchisor's evaluation of a Site, Franchisor and Franchisee shall execute the Location Addendum which shall be deemed to be incorporated herein and made a part of this Agreement. Franchisee acknowledges that the Site of the Restaurant is a major factor in the Restaurant's potential for success. Franchisee also acknowledges that the evaluation by Franchisor of any Site shall not in any way be deemed to be a guaranty, warranty or any other assurance (expressed or implied) of the success of Franchisee's Restaurant at such Site. If within six (6) months after the execution date of this Agreement by Franchisor if the Restaurant is a Limited-Service Restaurant or within nine (9) months after the execution date of this Agreement by Franchisor if the Restaurant is a Full-Service Restaurant, a Site for the Restaurant has not been located by Franchisee and evaluated by Franchisor and a lease for the Site has not been executed by Franchisee (or possession of the Site for the Restaurant has not been otherwise legally acquired by Franchisee), then this Agreement shall automatically terminate. The Initial Franchise Fee paid by Franchisee shall not be refunded, in whole or in part, under any circumstances.

B. **Site Information**. Franchisee shall submit to Franchisor a complete Site report (containing such demographics; commercial and other information and photographs as Franchisor may reasonably require) for each Site at which Franchisee proposes to establish and operates a Giordano's® Restaurant (the "**Site Information**"), and which Franchisee reasonably believes to conform to certain minimum site selection criteria established by Franchisor from time to time. In evaluating any proposed Site, Franchisor will consider such matters as it deems material, including without limitation, demographic characteristics, population, household income, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services with the area (including other Giordano's® Restaurants), the proximity to other businesses, the exclusivity granted to other franchisees of Franchisor, the nature of other businesses in proximity to the Site and other commercial characteristics (including the purchase price or rental obligations and other base terms for the proposed Site) and the size, appearance, and other physical characteristics of the proposed Site.

C. **Evaluation of Site**. Franchisee hereby acknowledges and agrees that Franchisor's evaluation of a Site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the Site for a Giordano's® Restaurant or any other purpose. Franchisor's evaluation of the Site indicates only that Franchisor believes the Site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that have been effective with respect to other Sites may not be predictive of potential for all Sites and that, subsequent to Franchisor's evaluation of a Site, demographic and/or economic factors, such as competition from other similar businesses, included or excluded form 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 evaluated by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its decision to operate a Giordano's® Restaurant at the Site is based on its own independent investigation of the suitability of the Site.

D. **Notice of No Objection**. Franchisor will evaluate Franchisee's proposed Site by delivery of a written notice of no objection letter to Franchisee before Franchisee acquires legal possession of a proposed Site for the Restaurant. Franchisor will endeavor to deliver a written notification to Franchisee within thirty (30) days after receipt by Franchisor of the Site Information requested by Franchisor containing all information and materials required by Franchisor. Notwithstanding any other provision of this Agreement, Franchisor's failure to provide Franchisee with a written notice of no objection letter to one or more proposed Sites shall in no event constitute a waiver of Franchisor's right to evaluate the proposed Sites for the Restaurant, nor does it constitute the approval by Franchisor of a proposed Site.

E. **Lease of Premises of Restaurant**. Franchisee shall not execute any lease or sublease for the premises of the Site for the Restaurant without Franchisor's prior review and written notification that Franchisor does not object to such lease or sublease. Franchisee will also have the lease reviewed by its legal counsel. Franchisor's review of the lease will not be for the purpose of approving the legality, economics or rental terms of the lease. Accordingly, Franchisor will have no responsibility to Franchisee regarding the economics, legality or enforceability of the lease. Concurrently with the execution of the lease for the premises, Franchisee and the lessor must enter into an addendum to the lease in the form attached hereto as **Exhibit C**. Furthermore, Franchisor may object to any lease which does not include terms and conditions acceptable to Franchisor, including any lease in which the lessor refuses to enter into, concurrently with the execution of such lease, an "**Option for Assignment of Lease**" in form and substance as provided for in **Exhibit D** attached hereto.

F. **Affiliated Lessor**. If the Restaurant is to be leased or subleased by Franchisee from an entity or person affiliated in any way with Franchisee then, in addition to other reasons for Franchisor to object to the lease, Franchisor may object if the lease contains terms which (1) render it difficult or impossible for Franchisor to assume the lease pursuant to the Option for Assignment of Lease (including the absence of appropriate non-disturbance agreements from mortgagors or ground lessors) or (2) should Franchisor assume the lease pursuant to the Option for Assignment of Lease, would be disadvantageous to Franchisor for reasons including, but not limited to, economic or other terms which are not comparable to the terms of similar leases in the comparable or appropriate geographic area which could be obtained through arms' length negotiations between unrelated parties of equal bargaining power. In addition, if the Site for Franchisee's Restaurant is owned by Franchisee or an entity or person affiliated in any way with Franchisee, then Franchisee will be required to enter into a lease with the owner of the Site, which lease will not be amendable without Franchisor's consent and will not be terminable without either Franchisor's consent or allowing Franchisor to assume the lease.

G. **Execution of Lease**. Franchisee shall deliver copies of the fully-executed lease (including all exhibits) and other controlling documents relating to the leasing or subleasing of the Site

for the Restaurant to Franchisor within fifteen (15) days after execution. Franchisee further agrees that it will not execute or agree to any modification of the lease or sublease (or other document relating to the Site) which would affect Franchisor's rights without the prior written approval of Franchisor. Signed copies of all amendments, assignments or renewals of the lease or sublease for the Site must be provided to Franchisor within fifteen (15) days after execution.

H. **Possession of Site**. If Franchisee shall have failed to obtain lawful possession of the Site for the Restaurant (through acquisition or lease) within sixty (60) days after delivery of Franchisor's notice of no objection letter, Franchisor may at its sole discretion, withdraw its non-objection to such Site. Further, in the event a lease which has been reviewed by Franchisor has not been executed by Franchisee (or legal possession through acquisition has not occurred) within six (6) months for a Limited-Service Restaurant or within nine (9) months for a Full-Service Restaurant after the execution date of this Agreement by Franchisor, this Agreement shall automatically terminate. The Initial Franchise Fee shall not be refunded under any circumstances.

I. **Site Release**. Franchisor will have no duty or obligation to assist Franchisee in the selection of the Site for the Restaurant, or to provide any assistance to Franchisee in the purchase or lease of the Site. Franchisor has informed Franchisee that it does not have any experience or expertise in selecting real estate sites in the geographic area where Franchisee's Restaurant will be located and therefore, Franchisor will not have any obligation, duty or liability to Franchisee as a result of the Site selected by Franchisee. Franchisee hereby releases Franchisor and its current and former affiliates and their respective past and present owners, officers, directors, executives, agents and employees, in their corporate and individual capacities, from any and all claims by Franchisee arising from, in connection with, or as a result of Franchisee's selection, purchase or lease of the Site for Franchisee's Restaurant.

J. **Construction Plans and Specifications**. Franchisor will consult with Franchisee regarding the construction of the interior and exterior of the Restaurant or interior leasehold improvements. Franchisor will provide Franchisee with preliminary model plans and specifications based upon typical configurations for the layout of the Restaurant. Franchisee must construct (or renovate) and equip the Restaurant in a good and workmanlike manner and in conformity with all laws, rules, regulations and requirements of governmental authorities having jurisdiction over the Restaurant and in accordance with plans and specifications prepared by Franchisee and approved in writing by Franchisor. All plans and specifications or modifications to Franchisor's preliminary model plans and specifications proposed by Franchisee must be submitted to Franchisor for written approval prior to the commencement of construction and must be modified as Franchisor requests. Costs of contractor plans and specifications are the responsibility of Franchisee. Franchisee will forthwith cause any mechanics' liens, material men's liens or other liens which may be recorded or perfected or which may otherwise attach to all or any portion of the Restaurant as a result of work done by or for Franchisee to be discharged or released of record or (with Franchisor's prior written consent) be bonded in amounts and on terms reasonably satisfactory to Franchisor.

K. **Opening of Restaurant**. Franchisee shall open the Restaurant for business as follows:

(1) If the Site requires the installation of Improvements (as hereinafter defined), then Franchisee shall open the Restaurant for business upon completion thereof, provided, however, that Franchisee shall not delay the completion of the Improvements; provided further, that (subject only to force majeure) Franchisee shall open the Restaurant for business not later than: (a) nine (9) months after the execution date of this Agreement by Franchisor if the Restaurant is a Limited Service Restaurant, or (b) twelve (12) months after the execution date of this Agreement by Franchisor if the Restaurant is a Full-Service Restaurant; and provided further, Franchisor may, in its sole discretion, grant Franchisee an additional period of no more than six (6) months for Franchisee to open the Restaurant for business if

Franchisor has issued a written notice of no objection letter to Franchisee and Franchisee has acquired legal possession of the Site for the Restaurant; or

(2) If the Site does not require the installation of Improvements, then Franchisee shall open the Restaurant as soon as practicable after receiving possession of the Restaurant premises; provided, however, that Franchisee shall not delay taking delivery of possession of the Site; or

(3) If the Site is being developed pursuant to an Area Development Agreement or other written agreement between Franchisor and Franchisee or Franchisee's affiliate, then Franchisee shall open the Restaurant for business on the date specified in the Area Development Agreement or other written agreement between the parties.

(4) In the event the Restaurant is not open for business on or before the time provided for above, Franchisor may terminate this Agreement upon thirty (30) days prior written notice to Franchisee unless the Restaurant shall open for business pursuant to the terms of this Agreement within such thirty (30) day period.

(5) For purposes of this Section 4(K), "**Improvements**" shall mean and include all improvements necessary or required to operate a Giordano's® Restaurant including, but not limited to, electrical, plumbing, and carpentry work, floor treatments, heating, ventilating, and air conditioning, ceiling and sheet metal work, parking lot, exterior lighting, and landscaping improvements.

(6) In no event shall the Restaurant be opened for business until: (a) all Franchisee's obligations under this Section 4 have been fulfilled; (b) Franchisor determines that the Restaurant has been constructed, decorated, furnished, equipped and stocked with materials and supplies in accordance with plans and specifications Franchisor has approved; (c) the initial training program has been completed to Franchisor's satisfaction by all required persons; (d) the Initial Franchise Fee and all other amounts due to Franchisor have been paid; (e) Franchisee has furnished Franchisor with all certificates of insurance required by Section 10(Z) herein; (f) Franchisee has obtained all required governmental permits, licenses and authorizations necessary for the operation of the Restaurant; (g) Franchisee is in full compliance with all the terms of this Agreement; and (h) all items in Franchisor's opening checklist have been complied with to Franchisor's satisfaction.

L. **Relocation**. Provided Franchisee is not in default of this Agreement, Franchisee may, at its sole expense and with the prior written approval of Franchisor, relocate the Restaurant if: (a) the proposed new location for the Restaurant meets Franchisor's requirements as set forth in this Agreement; and (b) Franchisee's new Territory and Delivery Area, as redefined in the Addendum to this Agreement based upon Franchisor's then-current criteria for defining same, does not infringe upon (i) the market area of any existing or proposed Giordano's® Restaurant or any other Restaurant owned or operated by Franchisor or any of its affiliates; or (ii) any protected area granted to any other Giordano's® franchisee. The new location of the Restaurant, including the real estate and the building, must comply with Franchisor's then-current image, décor, standards and specifications. Franchisee will pay Franchisor a Relocation Fee equal to 50% of the then-current Initial Franchise Fee on the date Franchisor approves Franchisee's right to relocate the Restaurant to the new location.

5. GENERAL MANAGER; TRAINING

A. **General Manager**. The Restaurant must at all times be under the direct, day-to-day, full time supervision of the General Manager as described below and designated in **Exhibit E** of this Agreement and approved by Franchisor. Franchisee's "**General Manager**" will be the individual responsible for the overall management and operation of Franchisee's Giordano's® Restaurant including,

but not limited to, administration, basic operations, marketing, record keeping, employee staffing and training, inventory control, hiring and firing, food preparation and maintenance of the Restaurant. The General Manager is obligated to devote his or her full time, best efforts and constant personal attention to the operation of the Restaurant. The General Manager must have full authority from Franchisee to implement the System at the Restaurant. If a General Manager supervises the Restaurant, Franchisee (or managing partner or senior officer of Franchisee who has satisfactorily completed the training required by Franchisor) must remain active in overseeing the operations of the Restaurant conducted under the supervision of the General Manager.

(1) If Franchisee is a sole proprietorship, then the proprietor must engage actively and personally in the management and supervision of the Restaurant and its operations and act as the General Manager for the Restaurant.

(2) If Franchisee is a partnership, then partners owning at least a majority interest in the capital and profits of the partnership must engage actively and personally in the management of the Restaurant. Franchisee must designate one partner as the General Manager for the Restaurant.

(3) If Franchisee is an entity, then it must designate as the General Manager a person who owns at least ten percent (10%) of the ownership of the entity who is a senior officer of the entity. The designated General Manager will sign this Agreement as an owner of Franchisee and the Owners' and Guarantors' Undertaking attached as an exhibit to this Agreement.

The General Manager must be approved in writing in advance by Franchisor and must manage and supervise the operations of the Restaurant and assure compliance by Franchisee and its personnel with this Agreement. The General Manager must obtain certification in the current food safety requirements from the applicable local regulatory authority, and such other equivalent food safety certifications as may be required by Franchisor, at least thirty (30) days prior to the scheduled opening of the Restaurant, and must continue to maintain such certifications during the term of this Agreement. Franchisee must procure Franchisor's approval of any replacement General Manager. Franchisor, subject to the terms of this Agreement, will not unreasonably withhold such approval.

B. **Initial Training Program**. The training program will be conducted at the mutual convenience of Franchisor and Franchisee at a place designated by Franchisor and will commence at least eight (8) weeks prior to opening the Restaurant for business, but not before execution of this Agreement. The training program currently has two components: the "Restaurant Management Initial Training Program," which will last for eight (8) weeks, and the "Owner's Training Program," which will last two (2) to three (3) weeks (which will not necessarily be consecutive weeks). The "Restaurant Management Initial Training Program" includes the opening and post-opening training described in Section 6(A) of this Agreement. Designated members of Franchisee's Management Team, and any other employees of Franchisee that Franchisor may designate, must attend all required initial training. For a Limited-Service Restaurant, Franchisee's "**Management Team**" will include the General Manager and one assistant manager, and if applicable, Franchisee (or managing partner or senior officer of Franchisee). The Management Team for a Full-Service Restaurant will include the General Manager and the Kitchen Manager, and if applicable, Franchisee (or managing partner or senior officer of Franchisee). For the purposes of this Agreement, the "**Kitchen Manager**" will be the individual who assists the General Manager with the management and operation of the Restaurant, with particular emphasis on the preparation of menu items in the kitchen facilities of the Restaurant.

C. **Mandatory Training**. The training program will include information and instruction in the operation of a Giordano's® Restaurant including, but not limited to, preparation of foods, personnel training, inventory procedures, sales and marketing, administration and management of the Restaurant

business, and compliance with local, state and federal laws and regulations relating to labor, food safety and sanitation practices. Attendance at and successful completion of all required training programs is mandatory for designated members of Franchisee's Management Team and any other employees of Franchisee that Franchisor designates. Attendance at and successful completion of the training program is optional for all other individuals. If designated members of Franchisee's Management Team fail to attend or fail to complete the training program to Franchisor's satisfaction, Franchisor may elect to terminate this Agreement and, in such event, the Initial Franchise Fee shall not be refunded under any circumstances. Notwithstanding anything herein to the contrary, Franchisor reserves the right to amend or waive its obligation to provide, or the requirement of Franchisee's Management Team and employees to attend and complete, Franchisor's training program if Franchisee owns more than one Giordano's® Restaurant or as otherwise determined by Franchisor, in its sole discretion, but any such amendment or waiver is without prejudice to Franchisor's right to reinstate this requirement by written notice to Franchisee.

D. **Costs and Expenses**. The initial training program described in Section 5(B) shall be provided at no cost to Franchisee. However, Franchisee shall be responsible for all costs of travel, food, lodging and other incidental expenses incurred by Franchisee, Franchisee's Management Team and any other employees of Franchisee who attend any training program.

E. **Additional Training**. Upon Franchisee's reasonable written request or if offered or required by Franchisor, Franchisor may provide Franchisee with additional training programs, refresher courses or on-the-job training at mutually convenient times at locations determined by Franchisor. Franchisee shall pay to Franchisor the then-current per diem fee for each representative of Franchisor conducting such training for each day such training continues. Franchisee shall also pay all expenses of travel, lodging and meals incurred by Franchisor's representatives.

F. **Remedial Training.** Upon the reasonable request of Franchisee or as Franchisor determines necessary, Franchisor will, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who will provide on-site remedial training to Franchisee's personnel at Franchisee's Restaurant. Franchisee will pay the per diem fee then being charged to other franchisees for the services of such trained representatives, plus all travel expenses (attributable to the on-site remedial training period) of Franchisor's representatives. Franchisee, the General Manager and other employees of Franchisee designated by Franchisor will be required by Franchisor to attend, at Franchisee's expense, additional remedial training on the dates scheduled by Franchisor at the location designated by Franchisor on topics to be determined by Franchisor if Franchisee's Restaurant fails to meet certain performance standards established by Franchisor or Franchisor otherwise determines, in its sole discretion, that additional remedial training is necessary or required. Franchisee will pay the then-current per diem training fee to Franchisor, based upon the number of trainers and the number of individuals attending the additional remedial training, and will reimburse Franchisor for any travel, lodging and other expenses of the trainers provided by Franchisor during the remedial training period.

G. **Training Release and Indemnification**. Franchisee and its owners hereby waive any right to sue for damages or other relief, and release all known and unknown claims they may allegedly have against Franchisor and/or any of its current and former affiliates and their past and present owners, employees, agents, officers and directors, arising out of the adequacy or accuracy of the information provided at or any activities occurring during any training program, additional training and/or opening assistance (collectively referred to as "**Training**" in this provision), or any harm or injury any attendee or participant suffers during and as a result of his/her attendance at or participation in the Training. Franchisee and the owners agree to hold Franchisor, its current and former affiliates and their employees, agents, officers and directors harmless for any claims or damages incurred by Franchisee, the past and

present owners or any of their affiliates, employees, agents, officers and directors arising out of, in any way connected with or as a result of attendance at or participation in the Training. Franchisee, the owners and all persons who attend and participate in the Training on behalf of Franchisee will sign the documentation required by Franchisor or an affiliate as a condition to their attendance at, participation in and successful completion of the Training.

6. GUIDANCE; OPERATIONS MANUAL

A. **Assistance in Opening**. Included in the training program described in Section 5(B) of this Agreement, Franchisor will provide not less than two (2) nor more than seven (7) individuals chosen by Franchisor, in its sole discretion, to assist in the opening of the Restaurant covered by this Agreement. Such employees shall be at the Restaurant for two (2) weeks (for a total of fourteen (14) days) prior to the opening of the Restaurant and one (1) week (for a total of seven (7) days) after the opening of the Restaurant (which days prior to the opening or thereafter will not necessarily be consecutive days). If Franchisee requests that any such employees be available at Franchisee's Restaurant for more than fourteen (14) days prior to the opening of the Restaurant and/or seven (7) days after the opening of the Restaurant, Franchisee shall pay Franchisor the then-current per diem fee for each additional day, plus payment of each employees' expenses for travel, lodging and meals attributable to the additional time at the Restaurant.

B. **Continuing Assistance**. Throughout the term of this Agreement, Franchisor will provide guidance and assistance to Franchisee in the operation of the Restaurant. Such guidance may be provided in the form of consultation services by field visits, telephone or written communication. Anything herein to the contrary notwithstanding, the Initial Franchisee Fee and the Continuing License Fee are paid or payable for the License granted by this Agreement and not for any services or assistance required of Franchisor hereunder, and any failure by Franchisor to provide required services or assistance shall not excuse Franchisee from paying the Initial Franchise Fee or the Continuing License Fee.

C. **Operations Manual**.

(1) Manual. Much of the guidance and assistance Franchisor will provide to Franchisee will be provided in Franchisor's confidential Operations Manual. The confidential Operations Manual will be provided to Franchisee using the format and method determined by Franchisor from time to time, in its sole discretion, including hard copies, on-line, via an Intranet network and/or other printed or electronic means. Franchisor reserves the right to amend, revise, modify or supplement the content, format and delivery method of the confidential Operations Manual at any time and from time to time; Franchisor will furnish to Franchisee any amendments, revisions, modifications and supplements thereto, all of which will be effective seven (7) days after Franchisor has furnished the same to Franchisee. The confidential Operations Manual and all amendments, revisions, modifications and supplements thereto are collectively referred to herein as the "**Manual**." Franchisee shall, immediately upon receipt of an amendment, revision, modification, or supplement to the Manual, incorporate the same into the Manual and implement the same into the operations of its Restaurant. The Manual and all of the mandatory terms and provisions of the Manual are incorporated herein by this reference and the term "**Agreement**" shall, in the context of describing the duties and obligations of Franchisee, mean and include both this Agreement and the mandatory elements of the Manual. Franchisee acknowledges having received a copy of or access to the Manual. Franchisee acknowledges that access to the Manual is received from Franchisor, and that Franchisee has acquired no ownership interest in the Manual.

(2) Contents of Manual. The Manual contains certain unique and secret recipes and formulas for the preparation of the Approved Products, unique and secret methods of operating Giordano's® Restaurants serving stuffed and thin-crust pizza and other Approved Products and providing Approved

Services and other unique and secret methods of operation developed by or licensed to Franchisor for use in the operation of Giordano's® Restaurants and otherwise supplies trade secrets and other confidential and proprietary information used in connection with Giordano's® Restaurants. The Manual shall at all times remain the sole property of Franchisor, and Franchisee acquires no right in or to the Manual or its contents excepting only the right to use it in strict accordance with the terms hereof. Franchisee agrees to operate the Restaurant in strict accordance with the mandatory terms of the Manual and to be responsible for assuring strict compliance with the mandatory standards, specifications, requirements and instructions set forth therein and any and all subsequent amendments, revisions and supplements thereto, in the operation of the Restaurant. In the event a dispute arises as to the contents of the Manual, the master copy maintained by Franchisor will be controlling. The Manual may contain certain optional or advisory terms, which Franchisor includes as a convenience to Franchisee and to assist in the operation of Franchisee's Restaurant as Franchisee deems appropriate in its business judgment.

(3) Confidentiality. Franchisee acknowledges that the Manual and the contents of the Manual constitute Confidential Information and Franchisee agrees to hold same in strict confidence. Franchisee shall not disclose any such information to any person or business entity other than bona fide employees of Franchisee who (i) are required by their work to be familiar with such information and (ii) agree in writing (on forms prepared by Franchisor) to maintain the confidentiality thereof. Franchisee shall not permit any person to copy or reproduce any part of the Manual or otherwise permit its use or inspection by any person other than Franchisee, bona fide employees of Franchisee who are required by their work to be familiar with such information and who agree to maintain the confidentiality thereof, and authorized representatives of Franchisor, without Franchisor's prior written consent. Notwithstanding any other provision of this Agreement to the contrary, there may be certain instances where applicable law allows for the disclosure of certain Confidential Information under limited circumstances as specified in the Manual or otherwise in writing by Franchisor.

(4) Use of Confidential Information. Franchisee shall not use any information contained in the Manual in connection with the operation of any establishment or enterprise other than its Restaurant.

(5) Return of Manual. Franchisee shall keep the Manual in its Restaurant at all times and make the same available for inspection upon Franchisor's request and promptly return the Manual, all pages which were at one time part of the Manual but which were subsequently superseded by amendments, revisions, modifications or supplements to the Manual and which were not returned to Franchisor, and all copies if Franchisor has permitted Franchisee to make any copies, to Franchisor upon the expiration or termination of this Agreement, and shall refrain from making any copies, to Franchisor upon the expiration or termination of this Agreement, and shall refrain from making any copies thereof or otherwise reproducing it either in whole or in part at any time.

7. MARKS

A. **Ownership and Goodwill of Marks**. Franchisee acknowledges that VPC Pizza IP, LLC has sole, exclusive and proprietary ownership rights to current and future names and the Marks, and that Franchisor is licensed to use and sublicense the Marks to franchisees pursuant to a Trademark License Agreement with VPC Pizza IP, LLC. All goodwill associated with and related to the Marks accrues directly and exclusively to the benefit of, and is the property of VPC Pizza IP, LLC. Franchisee acknowledges that it has no right, title or interest in or to the Marks or the goodwill at any time associated with these, other than those rights expressly granted in this Agreement. Franchisee further acknowledges that in protection of Franchisor's interest in the Marks, Franchisor has the right and need to control the quality of goods and services offered in connection with the Marks and any other trade names, trademarks or service marks developed by Franchisor during the term of this Agreement and licensed by Franchisor to Franchisee for use in connection with Franchisee's Restaurant. Any references in this Agreement to

use of the Marks shall be equally applicable to any other trade names, trademarks or service marks licensed by Franchisor to Franchisee during the term of this Agreement. Franchisor is not obligated to take any action to protect against unfair competition with respect to the Marks or to indemnify, defend or hold harmless Franchisee from any loss, cost, expense or damage incurred by Franchisee related to the Marks, the use thereof or any claims of infringement or unfair competition.

B. **Franchisee's Use of Marks**. Franchisee shall operate its Restaurant under the name "Giordano's®," and during the term of this Agreement, use its Site exclusively for the operation of a Giordano's® Restaurant. Franchisee shall not allow the premises or any part thereof to be used for any immoral or illegal purposes and shall not allow, suffer or permit such premises to be used for any purpose, business activity, function or object to which Franchisor objects. Franchisee shall protect the integrity of and other proprietary rights of Franchisor by maintaining the highest standards of quality and reputation associated with the Marks. Franchisee shall use the Marks and all trade secrets and methods of operation in the Manual in strict compliance with this Section 7 and in a manner tending to promote the goodwill and public image of Franchisor, and only use the Marks in the form and manner uniformly required by Franchisor from time to time when using them in connection with any identification of the Restaurant or its products, specifically including advertising and sales promotion materials, signs, letterhead, envelopes and the like.

C. **Limitations on Franchisee's Use of Marks**.

(1) Use of Marks in Business Entity. Franchisee shall not use any of the Marks or any stylistic or colorable variation thereof or any part of Franchisor's corporate name as part of the name of any corporation, partnership, proprietorship or other business entity in which Franchisee owns or holds an interest or as the trade name or assumed name of any such business entity, unless approved by Franchisor in writing, which approval may be arbitrarily withheld by Franchisor.

(2) Use of Marks. Franchisee shall not use or allow the use of the Marks or any commercial symbol or logo similar to the Marks in connection with the performance or sale of any unauthorized products or services or in any other manner Franchisor has not expressly authorized in writing.

(3) Display of Marks. Franchisor shall display the Marks in the precise form prescribed by Franchisor and observe all directions regarding representation thereof and the manner of display and use. Franchisee shall, prior to use, submit to Franchisor for approval all paper goods, advertising and promotional material not furnished by Franchisor. Franchisee shall always display the Marks along with such notices or symbols of trademark and service mark registrations as Franchisor specifies.

(4) Identification of Restaurant. Franchisee must answer the telephone at the Restaurant using only the name of "Giordano's®." Franchisee must use the Marks as the sole identification of the Restaurant, provided that Franchisee must be identified as the independent owner of the Restaurant which identification must be made in and only in the manner prescribed by Franchisor.

(5) Name Registrations. Before commencing business at the Restaurant, Franchisee must supply evidence satisfactory to Franchisor that Franchisee has complied with all applicable laws regarding the use of fictitious or assumed names. Franchisee must take such steps as Franchisor approves in writing to register the name "Giordano's® Restaurant" to be able to operate the Restaurant under such name. Except for registration of a "d/b/a" or assumed name or other fictitious name certificate in connection with the operation of the Restaurant, Franchisee must not register Franchisor's names or the Marks in Franchisee's own name or that of any other entity. Franchisee shall not register any domain name, email address, or other online presence for the Restaurant or using any of the Marks.

(6) Modification of Marks. If it becomes advisable at any time in Franchisor's sole discretion for either or both of Franchisor and Franchisee to modify or discontinue the use of any or all of the Marks or to use one or more additional or substitute Marks, Franchisee must comply with Franchisor's directions to do so within a reasonable time after notice thereof by Franchisor.

D. **Notification of Infringing Uses and Claims**. Franchisee shall not knowingly permit and shall immediately report to Franchisor any known or suspected infringement or threatened infringement or piracy of or challenge to the Marks or the System by any person. Franchisor has the right to make the final determination of infringement or other unlawful use and to conduct all legal proceedings relating thereto. Franchisee must assist and cooperate with Franchisor in taking any action, at Franchisor's cost and expense, that Franchisor deems appropriate to protect the Marks or the System.

E. **Validity of Marks**. Franchisee shall not make any written or oral representation or admission that any of the Marks is in any way invalid or infringes the rights of any person or is open to any other form of attack. Franchisee shall not at any time contest or aid in contesting the validity or ownership of the Marks and shall not take any action in derogation of Franchisor's claimed rights in and to the Marks, whether now existent or hereafter obtained.

F. **Marks Upon Expiration or Termination**. Franchisee shall, upon the expiration or termination of this Agreement, promptly discontinue all use of the Marks, as more fully described in Section 15(E) herein.

8. RELATIONSHIP OF PARTIES; INDEMNIFICATION

A. **Independent Contractor; No Fiduciary Relationship**. Both Franchisor and Franchisee understand and agree that this Agreement does not create a fiduciary relationship between Franchisor and Franchisee, that Franchisee and Franchisor are independent contractors, and that nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose whatsoever. Franchisee agrees to conspicuously identify itself in all its dealings with customers, suppliers, public officials, Restaurant personnel, and others as the owner of the Restaurant pursuant to a Franchise Agreement with Franchisor, and agrees to place any other notices of independent ownership on its forms, business cards, stationery, advertising, and other material as Franchisor may require from time to time.

B. **Operation of Restaurant**. Franchisee will be totally and solely responsible for the daily management and operation of its Giordano's® Restaurant, and will control, supervise and manage all the employees, agents and independent contractors who work for or with Franchisee, including the right to hire and fire its employees. Franchisee will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations including, but not limited to, all discrimination laws, sexual harassment laws and laws relating to the disabled. Franchisor will not have any right, obligation or responsibility to hire, control, supervise, manage or fire Franchisee's employees, agents or independent contractors, and will no way be involved in the day-to-day operations of Franchisee's Restaurant.

C. **Employment Decisions**. Franchisee shall be solely responsible for all employment decisions and functions of the Restaurant including, without limitation, those related to hiring, firing, training, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, scheduling, supervision, and discipline of employees, regardless of whether Franchisee receives advice from Franchisor on these subjects. Franchisee acknowledges and agrees that all personnel decisions shall be made by Franchisee, without any influence or advice from Franchisor, and such decisions and actions

shall not be, nor be deemed to be, a decision or action of Franchisor. Neither Franchisee nor any employee of Franchisee will be considered an employee of Franchisor under any circumstances. To the extent that any legal authority determines that Franchisor has a duty to act or not act with respect to any of Franchisee's employees, Franchisor hereby assigns to Franchisee any such duty, and Franchisee hereby accepts such assignment.

D. **No Liability; No Warranties**. Franchisor has not authorized or empowered Franchisee to use the Marks except as provided by this Agreement and Franchisee agrees not to employ any of the Marks in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to Franchisor for any indebtedness or obligation of Franchisee. Except as expressly authorized by this Agreement, neither Franchisor nor Franchisee may make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other or represent that their relationship is other than that of franchisor and franchisee.

E. **Indemnification**. Franchisor will not assume any liability or be deemed liable for any agreements, representations, or warranties Franchisee makes that are not expressly authorized under this Agreement, nor will Franchisor be obligated for any claims or damages to any person, entity or property which arise directly or indirectly out of or are based upon or related to this Agreement, the activities conducted under this Agreement or in connection with Franchisee's Restaurant and business, or Franchisee's or Franchisee's employees' actions or inaction, whether caused by Franchisee's or its employee's negligent or willful action or failure to act or otherwise. Franchisor will have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied against Franchisee or Franchisee's assets or on Franchisor in connection with the Restaurant business Franchisee conducts, or any payments Franchisee makes to Franchisor pursuant to this Agreement or any Franchise Agreement (except for Franchisor's own income taxes). Franchisee agrees to indemnify, defend (by counsel selected by Franchisor) and hold harmless Franchisor and all of its parents and affiliates and the shareholders, owners, directors, officers, employees, agents and assignees of each against and from, and to reimburse any or all of them for, all such claims, obligations, damages, and taxes for which any or all of them is held liable and for all costs any or all of them reasonably incurs in the defense of any such claim brought against them or in any such action in which any or all of them is named as a party, including without limitation, actual and consequential damages, attorneys', accountants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. Franchisor, VPC Pizza IP, LLC and/or their affiliates have the right to defend any such claim against it. Franchisee further agrees to hold Franchisor harmless from and to indemnify and defend (by counsel selected by Franchisor) Franchisor against all costs, expenses or losses Franchisor incurs in enforcing the provisions of this Agreement, in exercising Franchisor's rights under this Agreement, in defending Franchisor's actions taken relating to this Agreement, or resulting from Franchisee's breach of this Agreement, including, without limitation, arbitrators' and attorneys' fees (including those for appeal) unless, after legal proceedings are completed, Franchisee is found to have fulfilled and complied with all the terms of this Agreement. Franchisee's indemnification obligations described above will continue in full force and effect after, and notwithstanding, the expiration or termination of this Agreement.

9. CONFIDENTIAL INFORMATION; NON-COMPETITION

A. **Types of Confidential Information**. Franchisor possess certain unique, confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, products, and knowledge developed by Franchisor and affiliates: (1) unique and secret recipes and formulae for the preparation of stuffed and thin-crust pizza and other Approved Products; (2) secret spice ingredients for the preparation of pizza sauces and pizza dough for stuffed and thin-crust pizza and other Approved Products; (3) a unique and secret method of operating Giordano's® Restaurants serving

stuffed and thin-crust pizza and other Approved Products and providing Approved Services; (4) design, manufacture, test, product development, quality control, ordering, and methods of operation of the Restaurant, and methods of preparation (including, but not limited to, time and temperature of preparation) of products sold at Giordano's® Restaurants including without limiting the generality of the foregoing, the Approved Products; (5) design, test, marketing, quality control, ordering, methods of performing and rendering of services at Giordano's® Restaurants including, without limiting the generality of the foregoing, the Approved Services; (6) knowledge of sales and profit performance of any one or more of the Restaurants; (7) knowledge of test programs, concepts or results relating to new-products; sources of products; advertising and promotional programs; Restaurant image or decor; and the selection and training of the Management Team and other personnel; (8) methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the site selection, leasing, planning and construction, development, operation, and franchising of Giordano's® Restaurants; and (9) methods of training managers and other confidential and proprietary information disclosed to Franchisee by Franchisor is referred to in this Agreement as "**Confidential Information**." Franchisor will disclose much of the Confidential Information to Franchisee in the Manual and also in (among other ways) furnishing to Franchisee prototype plans for a Giordano's® Restaurant, advising Franchisee about site selection, training Franchisee's Management Team, and guiding and assisting Franchisee under this Agreement.

B. **Improvements by Franchisee**. In the course of the operation of the Restaurant, Franchisee or its employees may develop ideas, concepts, methods, techniques or improvements relating to the Restaurant or the System, all of which ideas, concepts, methods, techniques, and improvements will be considered confidential and proprietary information of, and will become the property of, Franchisor. Franchisee agrees to disclose the same only to Franchisor and Franchisor may then authorize Franchisee to use the same in the operation of the Restaurant. Confidential Information as used herein shall also mean and include such ideas, concepts, methods, techniques, and improvements.

C. **Non-Disclosure Agreement**. Franchisee acknowledges that it has obtained and will obtain the Confidential Information from Franchisor; that such Confidential Information was unknown to it prior to the negotiation and execution of this Agreement (or, if Franchisee is already a party to another Giordano's® Franchise Agreement, prior to first becoming a Giordano's® franchisee) and that the Confidential Information is unique and novel; that the Confidential Information is necessary and essential to the operation of its Restaurant; and that without such Confidential Information it could not effectively operate its Restaurant. Franchisee agrees that its relationship with Franchisor does not vest in Franchisee any interest in the Confidential Information other than the right to use it in the development and operation of Giordano's® Restaurants under Franchise Agreements with Franchisor, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. Franchisee acknowledges and agrees that the Confidential Information belongs to Franchisor, contains trade secrets belonging to Franchisor and is disclosed to Franchisee or authorized for Franchisee's use solely on the condition that Franchisee agrees, and Franchisee therefore does agree, that Franchisee (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not exhibit the original nor make any unauthorized copies whatsoever of any portion of the Confidential Information disclosed in written form; and (4) will adopt and implement all procedures Franchisor may prescribe from time to time to present unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosure to Franchisee's employees and the use of non-disclosure and non-competition agreements Franchisor may prescribe for employees, shareholders or partners of Franchisee who have access to the Confidential Information. Without limiting the foregoing, Franchisee agrees to require each of its employees prior to the commencement of work for Franchisee, as well as any other person Franchisor reasonably believes will acquire the Confidential Information or will learn through Franchisee's operations of Franchisor's trade secrets, to sign non-disclosure and non-

competition agreements in such form as Franchisor requires. The restrictions on Franchisee's disclosure and use of the Confidential Information will not apply to the following: (a) information, processes, or techniques which are generally known and used in the restaurant industry (as long as the availability is not because of a disclosure by Franchisee) and (b) disclosure of the Confidential Information in legal proceedings when Franchisee is legally required to disclose it and Franchisee has first given Franchisor the opportunity to obtain an appropriate legal protective order or other assurance satisfactory to Franchisor that the information required to be disclosed will be treated confidentially.

D. **In-Term Non-Competition Agreement**. Franchisee agrees that during the term of this Agreement (including any renewals) neither Franchisee nor any shareholder, partner, owner, officer, director or other principal of Franchisee, nor any member of Franchisee's immediate family or of the immediate family of any shareholder, partner, officer, director or the principal of Franchisee, shall, directly or indirectly through a corporation, partnership, trust, association, joint venture, or any other type of business or entity, perform any services for, engage in, acquire or have any direct or indirect financial or other interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative or agent in any franchisor of or in any Similar Business (as hereinafter defined), except for other businesses franchised from Franchisor or its affiliates. "**Similar Business**" means (a) any business which prepares or sells pizza, pasta, flatbread or other similar products regardless of where or how prepared or sold including, without limiting the generality of the foregoing, preparation for sale or sale at wholesale or retail, in grocery stores, in restaurants, or for carry-out or delivery, or (b) any business where 10% or more of the revenue from food or products is revenue from the sale of Italian food or products, whether at a single location or in the aggregate from two (2) or more locations. Franchisee and the owners of Franchisee and their immediate family if Franchisee is a partnership, corporation or other entity, may collectively own not more than three percent (3%) of the stock of a company engaged in a Similar Business, the stock of which is publicly traded at the time of such ownership. "**Immediate family**," for the purposes of this Agreement, will include a spouse, children and parents.

E. **Post-Term Non-Competition Agreement**. Franchisee agrees that for a period of two (2) years following the termination or expiration of this Agreement, or the date Franchisee ceases to conduct its activities hereunder, whichever is later, neither Franchisee nor any shareholder, partner, owner, officer, director or other principal of Franchisee, nor any member of Franchisee's immediate family or of the immediate family of any shareholder, partner, owner, officer, director or other principal of Franchisee shall directly or indirectly through a corporation, partnership, trust, association, joint venture, or any other type of business or entity perform any services for, engage in, acquire or have any direct or indirect financial or other interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative or agent in any franchisor of or in any Similar Business, except for other businesses franchised from Franchisor or its affiliates, which Similar Business is situated within fifteen (15) miles from (a) any Restaurant then-existing or in development; (b) all territories reserved to future Giordano's® franchisees by area development or reservation agreements between such franchisee or franchisees and Franchisor or another person or entity authorized to license Giordano's® Restaurants (which territories Franchisor shall disclose to Franchisee upon request following the termination of this Agreement); (c) any office of Franchisor; and (d) any manufacturing, assembly, preparation, or distribution facility of Franchisor, or an affiliate of Franchisor established as an Approved Supplier of Approved Products, Approved Ingredients, or Approved Supplies, all without regard to whether such radius extends beyond the border of the state in which Franchisee's Restaurant was located or beyond the border of the United States of America. If the time period within which Franchisee may not compete with Franchisor shall be too long to be enforceable, or if the area within which Franchisee may not compete with Franchisor shall be too broad to be enforceable, then the time, area, or both, as applicable, shall be reduced to such time, such area, or both as shall be legally enforceable. Franchisee and/or the owners of Franchisee acknowledge that they have previously worked

in or have been gainfully employed in other fields and that the restrictive provisions hereof will in no way prevent them from earning a living.

F. **Remedies**. Franchisee acknowledges that as a Giordano's® franchisee, it will have access to Franchisor's Confidential Information and trade secrets and therefore be in a unique position to use the same. Franchisee also acknowledges that a breach of the covenants contained in this Section 9 will threaten immediate and irreparable injury to Franchisor. Accordingly, Franchisee agrees that Franchisor shall have the right, as more fully described in Section 16(N) of this Agreement, to obtain immediate injunctive relief without limiting any other rights or remedies of Franchisor.

G. **Recruitment of Employees**. Franchisee may not recruit or hire, either directly or indirectly, any employee (or former employee for six (6) months after his or her employment has ended) of a Giordano's® Restaurant without Franchisor's advance written permission or that of the employer-franchisee. (If Franchisee violates this provision, Franchisee shall pay the hired employee's former employer twice the hired employee's annual salary, plus all costs and attorneys' fees incurred as a result of the violation.)

10. RESTAURANT STANDARDS, IMAGE AND UNIFORMITY OF OPERATION

Franchisee agrees that Franchisor's special standardized design and decor of Giordano's® Restaurants; quality and consistency of the Approved Products sold and Approved Services provided; uniformity of equipment and layout; and adherence to the Manual are essential to the image of a Giordano's® Restaurant and the functioning of the System. In recognition of the benefits accruing from maintaining uniformity of appearances, services, products and marketing procedures, Franchisee agrees that it will operate its Restaurant in accordance with the standards, specifications and procedures set forth in the Manual or otherwise communicated to Franchisee in writing. Franchisee agrees further that changes in such standards, specifications and procedures may become necessary from time to time and agrees to accept such modifications, revisions and additions to the standards and specifications which Franchisor in the good faith exercise of its judgment believes to be necessary and reasonable. All such written recipes, formulae, specifications, standards, and operating procedures prescribed from time to time by Franchisor in writing will constitute provisions of this Agreement as if fully set forth in this Agreement. Franchisee agrees that required specifications, standards and operating procedures exist to protect Franchisor's interests in the Giordano's® System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee. Franchisee agrees not to deviate from Franchisor's mandatory standards relating to current image, theme, quality, consistency, cleanliness and sanitation in the operation of Giordano's® Restaurants, including the following:

A. **Building and Premises**. Franchisee agrees that:

(1) Neither the Restaurant nor the premises of the Site will be used for any purpose other than the operation of a Giordano's® Restaurant in compliance with this Agreement;

(2) Franchisee will maintain the condition and appearance of the Restaurant, its equipment, furniture, fixtures, signs, and the premises of the Site in accordance with the specifications of Franchisor and consistent with the current image of a Giordano's® Restaurant as an efficiently operated Italian restaurant specializing in stuffed pizza and thin crust pizza, pasta, sandwiches, salads and other Approved Products.

(3) Franchisee shall at all times keep and maintain the Restaurant premises in a clean, neat, orderly and sanitary condition. To maintain a modern, progressive, sanitary and uniform operational

image, Franchisor shall have the right to require Franchisee to perform such remodeling, repairs, upgrades, replacements and redecoration in and upon the Restaurant premises which are reasonably necessary to bring the Restaurant premises up to the then-current standards of Franchisor. Franchisee will perform such maintenance with respect to the decor, equipment, furniture, fixtures, and signs of the Restaurant and the premises of the Site, as may be required from time to time to maintain such condition, appearance, and efficient operation, including, but not limited to:

(a) the interior of the Restaurant building and exterior painted portions of the building shall be renewed or repainted as necessary but in any event not less frequently than every three (3) years in accordance with Franchisor's then-current color schemes and standards.

(b) carpeting shall be replaced as necessary, but in any event, not less frequently than every four (4) years in accordance with Franchisor's then-current color schemes.

(c) interior and exterior repair of the premises of the Restaurant shall be performed promptly to fix or correct any disrepair or damage.

(d) thorough cleaning shall be performed on a daily basis.

(e) damaged, worn out, outmoded or obsolete equipment, furniture, fixtures and signs shall be repaired or replaced prompted as needed to comply with Franchisor's current image and standards.

(4) Franchisee will not make any material alterations to the Premises or alter the Restaurant's image as originally developed, without prior approval in writing by Franchisor;

(5) Franchisee will not make any material alterations to the premises of the Restaurant not less frequently than every seven (7) years and at reasonable times determined by Franchisor to reflect changes in the operation of Giordano's® Restaurants prescribed by Franchisor and in accordance with the newest Giordano's® image and theme, subject to approval by Franchisor of all plans, layouts and designs; and

(6) Franchisee acknowledges that additional investment may be required pursuant to this Section 10(A). If Franchisee fails to make any required remodeling, repairs, replacements, redecoration or other maintenance or refurbishing required hereunder within ten (10) days after receipt of notice from Franchisor of the actions required to be taken, Franchisor may, but is not required to, arrange for the completion of all required actions on Franchisee's behalf, and Franchisee shall reimburse Franchisor upon demand for all costs and expenses incurred.

B. **Equipment**. Franchisor will provide Franchisee with a list of and specifications for the Restaurant's required equipment including, but not limited to, an approved computerized cash register system, computer hardware and peripheral devices, including printers, monitors, modems and networking equipment, computer software and operating systems, including point-of-sale, front-of-house, back-of-house and other accounting and operating systems, machines, furniture and furnishings and other personal property (collectively referred to as the "**Equipment**") which are consistent with the standard Giordano's® Restaurant. Franchisee shall acquire, through an affiliate of Franchisor or other approved sources, by purchase or lease such Equipment. Franchisee agrees to maintain such Equipment in excellent working condition. Franchisor shall have the right to inspect all Equipment to assure Franchisee's compliance with Franchisor's standards and specifications. As items of the Equipment become obsolete or mechanically impaired to the extent that they require replacement, or as Franchisor requires new, upgraded or updated Equipment for the Restaurant in its sole judgment to meet the

changing standards of the restaurant industry or Franchisor's system standards, Franchisee will purchase, replace, upgrade or update, at its expense, such items with the same types and kinds of Equipment as are being installed in Giordano's® Restaurants at the time replacement becomes necessary or are required by Franchisor. All Equipment used in Franchisee's Giordano's® Restaurant, whether purchased from such affiliate or other approved suppliers pursuant to Section 10(I) below, shall meet Franchisor's standards or specifications, which may be modified from time to time by Franchisor. Franchisor reserves the right to charge Franchisee a one-time fee or periodic fees ("**Equipment Fees**") for the costs incurred by Franchisor, an Approved Supplier (as defined below) or any other vendor associated with the Equipment and any updates, upgrades or replacements of the Equipment.

C. **Approved Products and Approved Services**. Franchisee agrees to serve the menu items specified by Franchisor, to follow all specifications, formulas and recipes of Franchisor as to weight and method of preparation of the Approved Products served, and to sell no other food or drink item or any other merchandise of any kind without the prior written approval of Franchisor. Franchisee agrees that the Restaurant will offer for sale on a continuous basis all types of food, beverages and any other Approved Products that Franchisor prescribes, and only those prescribed, and that the Restaurant will make available all Approved Services on a continuous basis that Franchisor prescribes for Giordano's® Restaurants, and only Approved Services.

D. **On-Going Requirements**. Franchisor has developed and will continue to develop new requirements for the Approved Products to be served by Giordano's® Restaurants. Franchisor may continue to approve additional Approved Products and Approved Services to be offered by Giordano's® Restaurants. Franchisee acknowledges and agrees that all Approved Products sold from the Restaurant must conform with Franchisor's requirements and specifications, including but not limited to, methods of preparation and serving, size and proportion, variety, use of Approved Ingredients and Approved Supplies, and methods of packaging. If requested by Franchisor on at least thirty (30) days' notice as part of a general program or standardization effort by Franchisor, the marketing of an Approved Product or the performance or rendering of an Approved Service must be discontinued. In such event, such product or services ceases to be an Approved Product or Approved Service, as applicable. Franchisee shall not deviate from the prescribed procedures for preparing, cooking and serving the Approved Products and providing the Approved Services as prescribed from time to time in the Manual, or otherwise communicated to Franchisee in writing.

E. **Special Events**. Franchisee may not: (a) sell any product for resale; (b) sell any product or service at or from any place except the Restaurant; or (c) prepare any product at any place other than the Restaurant, except that Franchisee may sell the Approved Products at special events in the Territory including, but not limited to, fairs and food-fests. Franchisee must give Franchisor thirty (30) days prior written notice (or such shorter notice as is reasonable under the circumstances) of any fair, food-fests or other special event at which Franchisee desires to conduct special event sales. In the event that Franchisee does not desire to conduct sales at such special event, Franchisor retains the right to conduct such sales at the special event.

F. **Market Research**. Franchisor may, from time to time, conduct market research and testing to determine consumer trends and salability of new products and services. Franchisee must cooperate by participating in Franchisor's market research programs, test marketing new products and services and providing timely reports and other relevant information regarding market research. In connection with such test marketing, Franchisee must purchase a reasonable quantity of products to be tested and effectively promote and make a reasonable effort to sell such products and services.

G. **Franchisor's Exclusive Rights**. Franchisor retains the exclusive right to market its stuffed pizza and other products through any channels of distribution or at special purpose venues

including, but not limited to, through grocery outlets, shopping centers, food courts, airports, stadiums, military installations, public carriers (including, but not limited to, airplanes, trains and cruise lines), or any other channels of distribution or special purpose venues which may originate in, be located in or service Franchisee's Territory.

H. **Approved Ingredients and Approved Supplies**. The reputation and goodwill of Franchisor is based upon, and can be maintained only by the satisfaction of customers who rely upon the consistency, quality and variety of Approved Products offered by a Giordano's® Restaurant, as well as courteous and efficient Approved Services provided by Giordano's® Restaurants. To maintain quality, uniformity and consistency, Franchisee acknowledges and agrees that all Approved Products must be made only with those ingredients approved by Franchisor ("**Approved Ingredients**"). In addition, Franchisor has approved and will from time to time approve certain supplies and Equipment to be used in connection with the operation of Giordano's® Restaurants ("**Approved Supplies**") and, with respect to such supplies and Equipment, Franchisee acknowledges that all Restaurants must only be stocked with and utilize Approved Supplies and Approved Products. Franchisee shall not use any ingredients or supplies in the Restaurant or offer any products which do not meet Franchisor's quality standards and prior written approval. Franchisee shall at all times maintain an inventory of Approved Products, Approved Ingredients and Approved Supplies sufficient in quantity and variety to realize the full potential of the Restaurant.

I. **Approved Suppliers**. Franchisee agrees that the Restaurant will purchase Approved Products, Approved Ingredients and Approved Supplies only from suppliers or manufacturers that Franchisor has approved in writing ("**Approved Suppliers**"). Franchisor has approved and will continue to approve in writing suppliers of Approved Ingredients, Approved Supplies and Approved Products that meet its standards relating to reputation, product quality, prices, consistency, reliability, service facilities and capability, financial capability, product liability insurance coverage, labor relations and customer relations. Approval of a supplier may also be conditioned upon requirements relating to the frequency of delivery and standards of service, including prompt attention to complaints, or other criteria, and shall be subject to ongoing evaluation by Franchisor.

J. **Designated Suppliers and Products**. Franchisor may approve a single supplier or a single brand name for some Approved Products, Approved Ingredients and Approved Supplies. Certain Approved Products, Approved Ingredients and Approved Supplies must be purchased only from Franchisor or Franchisor's affiliated supplier. These include certain specially formulated Approved Products and Approved Ingredients and specified Giordano's® brand name items designated by Franchisor, including but not limited to, pizza dough containing specially formulated flour and secret spice ingredients, thin crust pizza sauce containing secret spice ingredients, stuffed deep dish pizza sauce containing secret spice ingredients, marinara and meat sauces containing secret spice ingredients, Giordano's® brand name bulk and link sausage, Giordano's® brand name tomato products, various soups freshly prepared and containing secret spice ingredients, Italian roast beef and gravy containing secret spice ingredients, and a specific brand name of mozzarella cheese. Franchisor shall provide Franchisee with a list of designated and Giordano's® brand name products that must be purchased from Franchisor or Franchisor's affiliated supplier. In the best interest of the System, Franchisor specifically reserves the right to update and change such list from time to time.

K. **Packaging**. Franchisee agrees that all packaged products will be served in containers bearing accurate reproductions of the Marks. All pizza boxes, napkins, placemats, straws, bags, cups, matches, menus and other paper goods and the like articles used in connection with Franchisee's Giordano's® Restaurant shall be of a quality and style and bear such reproductions of designs, names, trademarks, service marks and symbols as Franchisor shall specify and all art work and reproductions used in connection therewith shall conform to the specifications established by Franchisor. Such

imprinted items shall be purchased by Franchisee through an affiliate of Franchisor or through an Approved Supplier.

L. **Discounts**. Franchisor may negotiate group or volume purchasing arrangements with Approved Suppliers. Franchisor will be entitled to all rebates, bonuses and promotional benefits associated with those programs. Franchisee must not, without Franchisor's prior written consent, sell, dispense, give away or otherwise provide products or items except by means of retail sales to employees or customers at the Restaurant, or an approved program of charitable giving. Franchisor, may, if it chooses, take advantage of discounts offered by a supplier in connection with the acquisition of large quantities of products and ingredients and resell the products and ingredients to Franchisee at a profit.

M. **Revocation of Approval**. Franchisor may revoke its approval of particular products, ingredients or suppliers if Franchisor determines, in its sole discretion, that such products, ingredients or suppliers no longer meet Franchisor's standards or specifications. Upon receipt of written notice of such revocation, Franchisee must immediately cease to sell or use any disapproved products or ingredients and cease to purchase products from any disapproved suppliers.

N. **Alternate Suppliers**. If Franchisee gives Franchisor written notice, sufficiently in advance to permit supplier specification verification and testing, that it wishes to purchase equipment, supplies or food products (other than Approved Ingredients, Approved Products and Approved Supplies as to which Franchisor has designated its affiliated supplier as the sole approved supplier as provided in the preceding Section 10(J)), from any supplier or distributor not approved by Franchisor, then Franchisor will not unreasonably withhold the prompt approval of such purchases, provided the purchases conform to the appearance, quality, taste, size or portion, brand name, uniformity standards and other specifications and criteria of Franchisor, including but not limited to, price and product liability insurance. In addition, the proposed supplier must possess reliability, a good reputation, dependability, adequate facilities and service capabilities. Franchisor may require that samples from alternate suppliers be delivered to Franchisor or a designated independent testing laboratory for testing before approval and use. A charge not to exceed the actual cost of the test may be made by Franchisor or by an independent testing laboratory designated by Franchisor, and shall be paid for by Franchisee. Franchisor shall in no event be obligated to approve any proposed supplier.

O. **Vending Machines**. Franchisee shall not install coin operated vending devices of any kind, newspaper racks, telephone booths, games, rides, or other coin operated machines, or permit others to do so, except that Franchisee may install a coin telephone which meets Franchisor's specifications (including location in the Restaurant premises).

P. **Signs**. In order to insure uniformity in the use and to maintain the validity of the Marks, Franchisee agrees to display the Marks at the Restaurant in the manner authorized by Franchisor. Franchisor agrees to maintain and display signs reflecting the current image of Franchisor. The color, size, design and location of the signs shall be specified by Franchisor. Franchisee shall not place additional signs or posters on the premises of the Restaurant without the written consent of Franchisor. Franchisee will place or display at the Restaurant (interior and exterior) only such signs, emblems, lettering, logos and display and advertising materials that are from time to time approved by Franchisor.

Q. **Right of Entry and Inspection**. Franchisor or its authorized agent and representative shall have the right to enter and inspect the Restaurant premises and examine and test food, products, equipment, furnishings and supplies for the purpose of ascertaining that Franchisee is operating the Restaurant in accordance with the terms of this Agreement and the Manual. Inspection shall be conducted during normal business hours. Franchisor shall notify Franchisee of any deficiencies, damages or instances of noncompliance detected during inspection and Franchisee shall diligently correct or repair

any such deficiencies, damages or instances of noncompliance. Upon notification by Franchisor that any equipment, food, supplies, ingredients, products, signs, fixtures, furnishings or imprinted containers do not meet the specifications, standards and requirements of Franchisor, Franchisee shall immediately desist and refrain from the further use of such items and shall immediately remove such items from the premises of the Restaurant.

R. **Hours of Operation**. Subject to local ordinance and lease requirements, Franchisee shall remain open during Franchisor's established regular business hours specified in the Manual unless Franchisor consents to other hours or days at the request of Franchisee. Franchisor recognizes that considerations peculiar to the location of Franchisee's Restaurant may make it desirable to alter the hours of operation, and Franchisor will not unreasonably withhold its consent to modify such hours of operation.

S. **Compliance with Standards**. Franchisee will use the Marks and the System in strict compliance with the mandatory moral and ethical standards, quality standards, health standards, operating procedures, data security standards, and other specifications, requirements and instructions required by Franchisor. It is understood and agreed that the mandatory standards established by this Agreement including, but not limited to, the inspection and audit rights provided in this Agreement, and the provisions of the Manual are reasonable means by which Franchisor seeks to avoid and prevent conduct which is likely to impair the value of and the goodwill associated with the Marks and the System being licensed under this Agreement and do not reflect any right or effort by Franchisor to control the day-to-day operation of the Restaurant or the business decisions of Franchisee. Franchisee agrees to comply with all mandatory provisions of the Manual, as they may be revised from time to time by Franchisor in the exercise of its business judgment; provided, however, that those portions of the Manual that are expressly designated as recommendations are not intended to limit or control the business decisions of Franchisee. Franchisee understands and acknowledges that over the term of this Agreement it may be appropriate for Franchisor, in the exercise of its business judgment, to adopt standards and business principles needed to maintain the reputation, legal status or competitive position of the Marks and the System and to reflect such details in the Manual. To the extent that the Manual, as it may be amended from time to time, conflicts with this Agreement, the provisions of the Manual then in effect shall control. Franchisee further understands and acknowledges that due to local circumstances, Franchisor may occasionally adopt different standards and business principles to apply to different market areas or types of Giordano's® Restaurants.

T. **Compliance with Laws and Good Business Practices**. Franchisee must secure and maintain in force in its name all required licenses, permits and certificates relating to the operation of the Restaurant. Franchisee must operate the Restaurant in full compliance with all applicable laws, ordinances, and regulations including, without limitation, all government regulations relating to workers' compensation insurance, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. All necessary and appropriate measures must be taken to avoid unsatisfactory safety, sanitation, or health ratings at all times from government authorities. Conditions or practices disapproved by any such authorities must be corrected promptly except that, after consultation between Franchisee and Franchisor, Franchisee may contest in good faith the action by such authority as being arbitrary, capricious, unfair or unlawful. All advertising employed by Franchisee must be completely factual, in good taste (in Franchisor's judgment), and must conform to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee must refrain from any business or advertising practice which may be harmful to the business of Franchisor, the goodwill associated with the Marks or other Giordano's® Restaurants. Franchisee must notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceedings, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental unit, which

may adversely affect the operation or financial condition of Franchisee or the Restaurant, or of any notice of violation of any law, ordinance, or regulation relating to health or safety.

U. **Credit Cards**. Franchisee will honor all credit, charge, debit and cash cards approved by Franchisor in writing. To the extent Franchisee will store, process, transmit or otherwise access or possess cardholder data in connection with the sale of the Approved Products and Approved Services provided under this Agreement, Franchisee will maintain the security of cardholder data and adhere to the then-current Payment Card Industry Data Security Standards ("**PCI DSS**"), currently found at www.pcisecuritystandards.org, for the protection of cardholder data throughout the term of this Agreement. Franchisee further understands it is responsible for the security of cardholder data in the possession or control of any subcontractors it engages to perform under this Agreement. Such subcontractors must be identified to Franchisor in writing prior to sharing cardholder data with the subcontractor. Franchisee will, if requested to do so by Franchisor, provide appropriate documentation to Franchisor to demonstrate compliance with applicable PCI DSS requirements by Franchisee and all identified subcontractors.

V. **Gift Cards; Customer Loyalty Programs; eCommerce**. Franchisee will not create or issue any gift certificates or gift cards and will only sell gift certificates or gift cards that have been issued or approved by Franchisor for acceptance at all Giordano's® Restaurants. Franchisee will participate in all gift certificate and/or gift card administration programs as may be designated by Franchisor from time to time. Franchisee will honor all coupons, gift certificates, gift cards and other programs or promotions as directed by Franchisor. Franchisee will fully participate in all online programs required by Franchisor, which may include eCommerce (online ordering), loyalty, gift card, and promotion management. Franchisee will not issue coupons or discounts of any type for use at its Restaurant except as approved by Franchisor in writing, which may be withheld in its sole and absolute discretion. Franchisor reserves the right to charge Franchisee a one-time fee or periodic fees to reimburse Franchisor for the costs associated with gift card, loyalty, digital advertising and online programs and promotions for Giordano's® Restaurants.

W. **Information Technology**. Franchisee must establish and maintain a business relationship with a qualified employee, contractor, supplier or vendor to provide information technology ("**IT**") support and assistance with Franchisee's IT infrastructure including, but not limited to, firewalls, network switches, cabling, Internet service providers, wireless Internet connections and service, vulnerability management (for example, virus protection and critical software updates), and other products and services associated with the then-current IT services required for the Restaurant. If Franchisee fails to establish and maintain an IT support relationship with a qualified employee, contractor or vendor, Franchisor will have the right, but not the obligation, to arrange for the performance of the necessary IT services required for Franchisee's Restaurant business on Franchisee's behalf, and Franchisee will be responsible for the payment of the costs and expenses incurred for such IT support services including, if the services are provided by employee(s) of Franchisor, per diem fees of Five Hundred Dollars ($500) per employee providing the IT support services ("**IT Fees**") to Franchisee. Franchisee will pay the IT Fees in full immediately upon receipt of an invoice indicating the amount owed. Notwithstanding the foregoing, Franchisee will be responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders, and Franchisee waives any and all claims against Franchisor as the direct or indirect result of such disruptions, failures and attacks.

X. **Employee Training, Staffing and Appearance**. The Restaurant must at all times be under the direct, on-premises supervision of a General Manager who has satisfactorily completed Franchisor's training program. To assure quality Approved Products and prompt, courteous services, Franchisee shall staff the Restaurant with the number of managers, cooks, servers, bus persons, hosts,

phone clerks, delivery drivers, bartenders and other employees as Franchisor specifies from time to time. Franchisee shall hire all employees of the Restaurant and be exclusively responsible for the terms of their employment, their compensation, and for the proper training of the employees in the operation of the Restaurant. Franchisee must establish at the Restaurant a training program for all employees that meets Franchisor's standards. All employees shall be clean and neat and must comply with the then-current dress code or uniform as set forth in the Manual. Franchisee will be totally and solely responsible for the operation of its Restaurant, and will control, supervise and manage all the employees, agents and independent contractors who work for or with Franchisee. Franchisee will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations. Franchisor will not have any right, obligation or responsibility to hire, control, supervise, manage or fire Franchisee's employees, agents or independent contractors, and will in no way be involved in the day-to-day operations of Franchisee's Restaurant. Neither Franchisee nor any employee of Franchisee will be considered an employee of Franchisor under any circumstances To the extent any legal authority determines that Franchisor has a duty to act or not act with respect to any of Franchisee's employees, Franchisor hereby assigns to Franchisee any such duty, and Franchisee hereby accepts such assignment.

Y. **Appointment of Manager**. If at any time the Restaurant is not being managed by Franchisee, the General Manager or a manager previously approved by Franchisor and who has satisfactorily completed Franchisor's training program, Franchisor may, but is not required to, appoint a manager to maintain the operations of the Restaurant for and on behalf of Franchisee. Franchisor's representative shall operate the Restaurant for as long as Franchisor deems necessary and practical. All funds from the operation of the Restaurant during the period Franchisor's representative manages the Restaurant shall be kept in a separate fund and all expenses of the Restaurant incurred during this period, including the manager's salary, shall be charged to the fund. In addition to the payment of the manager's salary, Franchisee shall also pay to Franchisor a per diem fee for each day Franchisor's representative continues to manage and operate the Restaurant. Operation of the Restaurant during any such period shall at all times be conducted for and on behalf of Franchisee, provided that Franchisor shall only have a duty to utilize its reasonable efforts in the operation of the Restaurant and shall not be liable to Franchisee for any losses incurred from such operation of the Restaurant, or to any of Franchisee's creditors for any merchandise, supplies or services purchased by the Restaurant during such period. Franchisee shall hold harmless Franchisor and its representatives from any and all claims of any kind arising out of Franchisor's operation of the Restaurant. Franchisor's appointment of a manager to operate the Restaurant shall not relieve Franchisee of any obligations under this Agreement nor constitute a waiver of Franchisor's right to terminate this Agreement as provided in Section 15 hereof. Franchisee agrees to pay all of Franchisor's attorneys' fees incurred in connection with Franchisor's exercise of its rights to appoint a manager under this Section 10(Y).

Z. **Insurance**. Prior to opening the Restaurant for business, Franchisee must obtain, and submit to VPC certificates of insurance for, the following insurance coverage under policies of insurance issued by carriers approved by Franchisor: (1) comprehensive commercial general liability insurance with limits not less than $1,000,000 each occurrence and $2,000,000 in the aggregate for bodily injury and property damage; $1,000,000 each occurrence and aggregate for products and completed operations; and $1,000,000 for personal injury and advertising liability per occurrence; (2) general casualty insurance including fire and extended coverage, vandalism, theft, burglary and malicious mischief insurance for the replacement value special coverage of the Restaurant and its contents; (3) workers' compensation insurance in an amount prescribed by statute; employer's liability insurance with a limit of not less than $500,000 for bodily injury by accident (each accident), $500,000 for bodily injury by disease (each employee), and $500,000 for bodily injury by disease (policy limit); as well as such other insurance as may be required by statute or rule in the state where the Restaurant is located; (4) business interruption

and rent insurance to cover a 12-month period in order to re-establish normal business operations with coverage adequate to coincide with the value of the Restaurant premises and its contents; (5) employment practices liability insurance with minimum limits of $500,000 for first and third party liability coverage; (6) dram-shop insurance with limits not less than $1,000,000 for each occurrence and $2,000,000 in the aggregate; (7) commercial automobile liability insurance for all owned, hired, and non-owned vehicles used in connection with the Restaurant with limits of not less than $1,000,000 combined single limit for bodily injury and property damage; (8) data security/cyber breach liability coverage with limits not less than $1,000,000 combined single limit; and (9) umbrella/excess liability insurance with limits not less than $2,000,000 for each occurrence and in the aggregate. Franchisee must maintain all required policies in force during the entire term of this Agreement and any renewals thereof. Franchisor may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or changes in circumstances. Each insurance policy must name Franchisor (and, if Franchisor so requests, the officers, directors, employees or owners of Franchisor) as additional insureds on a primary and non-contributory basis, must contain a waiver of subrogation in favor of Franchisor, and must provide Franchisor with thirty (30) days advance written notice of any material modification, non-renewal, cancellation, or expiration of the policy. In addition, if Franchisee receives notice of any change in coverage, notice of non-renewal, cancellation, or expiration of any policy required under this Agreement, Franchisee shall provide Franchisor with a copy of such notice within five (5) days of Franchisee's receipt of such notice. All insurance policies must be provided by an insurer carrying a minimum A.M. Best (or such other insurance industry rating agency as may be subsequently specified by Franchisor in writing) rating of "A" and a Financial Size Category of "VII" or better.

AA. **Evidence of Insurance**. Before the expiration of the term of each insurance policy, Franchisee must furnish Franchisor with a certificate of insurance for each policy to be maintained for the upcoming term, along with evidence of the payment of the premium for each. If Franchisee does not maintain the required insurance coverage, or does not furnish Franchisor with satisfactory evidence of the required insurance coverage and the payment of the premiums for same, Franchisor may, at its option and in addition to its other rights and remedies under this Agreement, obtain any required insurance coverage on Franchisee's behalf. If Franchisor does so, Franchisee agrees to fully cooperate with Franchisor in its effort to obtain the insurance policies, promptly execute all forms or instruments required to obtain or maintain the insurance, allow any inspections of the Restaurant which are required to obtain or maintain the insurance and pay to Franchisor, on demand, any costs and premiums Franchisor incurs.

BB. **Insurance Maintained by Franchisor**. Franchisee's obligation to obtain and maintain insurance policies in the amounts specified herein shall not be limited in any way by reason of any insurance that Franchisor may maintain, nor does Franchisee's procurement of required insurance relieve Franchisee of liability under the indemnity obligations described in Section 8(E). Franchisee's insurance procurement obligations under this Agreement are separate and independent of Franchisee's indemnity obligations. Franchisor does not represent or warrant that any insurance that Franchisee is required to purchase will provide adequate coverage for Franchisee. Franchisee should consult with its own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by Franchisor.

11. ADVERTISING

A. **Local Advertising**. In addition to the Advertising Fee payable to Franchisor under Section 3(C) of this Agreement, Franchisee shall aggressively advertise and promote the Marks. Commencing in the sixth (6^{th}) calendar month of operation, Franchisee must expend a minimum of One Thousand Dollars ($1,000) per month for local advertising and promotions to be conducted within the

Territory in accordance with the provisions of the Manual. Franchisee shall adhere to such advertising regulations as Franchisor may impose, and use only materials and promotional discounts provided or approved by Franchisor for local advertising use, and make all signs and other advertising in all instances with an appropriate indication to protect Franchisor's rights in the Marks, and cause all local signs and other advertising made by or for Franchisee to display and reproduce the Marks exactly and accurately, and in the form and manner uniformly required by Franchisor. In addition, Franchisee shall advertise continuously in the printed book and/or on-line versions of each local telephone directory distributed within the Territory under the listing of "Restaurant" using ad mats which have been approved in advance by Franchisor. Franchisee shall also exhibit, promote the sale of, sell and distribute Giordano's® premiums and novelties, promotional literature, and other materials as Franchisor at any time and from time to time requests, and shall participate in such promotional drives, prize contests, and other programs, without regard to the geographic territory thereof, as Franchisor may at any time and from time to time specify.

B. **Grand Opening Advertising**. During the period commencing one (1) month prior to the opening of Franchisee's Restaurant and ending five (5) months after the date on which Franchisee's Restaurant opens for business, Franchisee will spend a minimum amount on approved grand opening advertising and promotion for its Restaurant of (i) Fifteen Thousand Dollars ($15,000) if Franchisee's Restaurant is a Limited-Service Restaurant; or (ii) Twenty Thousand Dollars ($20,000) if Franchisee's Restaurant is a Full-Service Restaurant.

C. **Advertising Reports**. Franchisee will provide Franchisor with an accurate accounting (in the form prescribed by Franchisor) of its expenditures for grand opening advertising and promotion within six (6) months after the opening of the Restaurant, and of its monthly expenditures for local advertising by the tenth (10^{th}) day of each month for the preceding month.

D. **Giordano's® Website; Digital Content**. Franchisor will establish and maintain an on-line presence on the Internet or a website (the "**Giordano's® Website**") to advertise and promote Giordano's® Restaurants, including Franchisee's Giordano's® Restaurant. All features of the Giordano's® Website, including the domain name, content, features, format, functions, procedures and links to other websites, will be determined by Franchisor, in its sole discretion. Franchisor will have the right to modify, enhance, suspend or temporarily or permanently discontinue the Giordano's® Website at any time, in its sole discretion. Franchisee will not have the right to establish a website on the Internet to advertise or promote its Restaurant. Franchisor and its Affiliates will have the sole right to promote on the Internet the Approved Products and Approved Services offered by Franchisee's Restaurant, to create a website containing the "Giordano's" name and the Marks, and to use "giordanos.com" or any derivative or related domain name. Franchisor reserves the right to charge Franchisee a one-time fee or periodic fees to reimburse Franchisor for the costs associated with digital and online advertising for Giordano's® Restaurants and the maintenance or enhancement of the content, features and functions of the Giordano's® Website. Franchisee's Restaurant will be removed from the Giordano's® Website immediately upon the termination or expiration of this Agreement.

E. **Email; Intranet**. All email correspondence related to Franchisee's Giordano's® Restaurant will be conducted via the email address designated by Franchisor for the Restaurant. If Franchisor develops an Intranet network through which Franchisor and its franchisees can communicate by email or similar electronic means, then Franchisee will use Franchisor's Intranet in strict compliance with the standards, protocols and restrictions that are set forth in this Agreement, the Manual or otherwise in writing by Franchisor. Franchisee will not transmit any Confidential Information, documents or data without complying with the security measures adopted by Franchisor. Franchisee will not make any derogatory, defamatory or libelous statements in any transmission made via the Internet, through an Intranet network or by any other means.

F. **Social Networking**. Franchisee and its Management Team, employees and agents will not have the right to use any of the Marks or other intellectual property of Franchisor on any social network, social media or online discussion forum or community on the Internet or any other online, digital or electronic medium including, but not limited to, any "blog," YouTube, Facebook, MySpace, Wikipedia, professional networks like Linked-In, live-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools (as such programs, platforms, and sites now exist and may exist in the future, "**Social Media**"), except with the prior written permission of Franchisor which will require, among other requirements, that all administrative credentials for such sites be shared with Franchisor, and kept up-to-date. Franchisor may designate from time to time regional or territory-specific user names/handles that Franchisee must maintain. Franchisee and its Management Team, employees and agents will comply with all of Franchisor's policies, standards and procedures for use of any Social Media that in any way references the Marks or involves the Restaurant.

G. **Co-op Advertising**. If an association of Giordano's® Restaurant franchisees is established in a geographic area in which Franchisee's Restaurant is located (the "**Co-op**"), Franchisee must join and actively participate in it. Franchisee also must contribute to the Co-op such amounts as are determined from time to time by the franchisees in the Co-op. Franchisor will not set the amount of those contributions and there is no limit. Franchisee's local advertising requirement will be reduced by the amount that Franchisee contributes to any Co-op, up to the amount of Franchisee's local advertising requirement. The Co-op will adopt its own rules, regulations and procedures, which Franchisee must follow. However, the rules, regulations and procedures of the Co-op must be approved by Franchisor. No advertising may be utilized by the Co-op unless and until Franchisor has reviewed and approved it. Franchisor also has the right to participate in any meetings of the Co-op and its members. Franchisee's failure to timely contribute the amounts required by the Co-op constitutes a material breach of this Agreement.

12. BOOKS, RECORDS, REPORTS AND FINANCIAL STATEMENTS

A. **Books and Records**. Franchisee shall use in the Restaurant only point-of-sale computerized cash register systems interfacing with Franchisor's main office computer, equipped with a non-resettable device. At Franchisor's request, Franchisee shall install and use in the Restaurant such software, data processing and data transmission equipment as Franchisor may designate, upgrading it as necessary to meet Franchisor's specifications. Franchisee shall maintain and keep on its premises or at such other practical and mutually convenient place acceptable to Franchisor, true and accurate records, books and data, which shall reflect all particulars relating to the business done and the expenditures and receipts of the operation of the Restaurant business. At Franchisor's request, on a daily basis or otherwise, Franchisee shall allow Franchisor to derive and copy data and sales information from Franchisee's computer by modem, diskette or otherwise. Franchisee shall retain for a period of not less than five (5) years all supporting documents and other materials including, but not limited to cash register tapes, computer printouts and other devices used to store or record computerized data and information payroll records, payroll tax returns, time cards, dining room guest checks, pick-up and delivery order guest checks, sales invoices, bank statements, deposit receipts, cancelled checks, paid invoices, and a true and complete copy of the annual inventory or the value of the inventory on hand.

B. **Reports and Financial Statements**. Franchisee shall, without any notice or demand by Franchisor, deliver to Franchisor, in the form and/or format approved or required by Franchisor from time to time, the following: (1) by Wednesday of each week, a statement of Gross Revenues of the Restaurant for the week ending the preceding Sunday; (2) by the fifteenth (15th) day of each month, a statement of the Gross Revenues for the preceding month and any other data, information, and supporting records Franchisor reasonably requires; (3) by the fifteenth (15th) day of each month, financial statements for the preceding month; (4) by the fifteenth (15th) day of each month, copies of all applicable state and local

sales, use and service tax returns or reports for the immediately preceding month; (5) within ninety (90) days after the end of each fiscal year, a profit and loss statement and balance sheet covering Franchisee's previous fiscal year's operations; and (6) a copy of Franchisee's state and federal income tax return for each year, at such time as such tax returns are filed. Additionally, Franchisee's owners and guarantors shall, without any notice or demand by Franchisor, deliver to Franchisor: (a) financial statements for each fiscal year within one hundred twenty (120) days after the owner's and/or guarantor's fiscal year end; and (b) a copy of each such owner's and/or guarantor's state and federal tax returns for each year at such time as such tax returns are filed. All of Franchisee's financial statements shall be prepared in accordance with generally accepted accounting principles consistently applied and will conform to the accounting year and standard chart of accounts prescribed by Franchisor in the Manual or otherwise in writing. Franchisor reserves the right to require that any or all financial statements be prepared and audited or reviewed by an independent certified public accountant designated or approved by Franchisor.

13. INSPECTIONS AND AUDITS

A. **Inspections**. Franchisor and its representatives or agents will have the right during business hours without notice, and at other reasonable times with notice, to enter and inspect the Restaurant and the Equipment used to prepare, store, sell and provide any Approved Products and perform or render any Approved Services, to discuss with Franchisee, or such others as Franchisor may elect, all matters that may pertain to compliance with this Agreement and with the standards referred to herein, to review and copy data stored on the computer, to photograph and videotape the Restaurant and such other facilities and to remove for testing, without payment, samples of products and other items at the Restaurant and such other facilities. Franchisor and its representatives or agents will also have the right, under Franchisee's supervision, to collect samples at any other facilities under Franchisee's control. Franchisor and any of its authorized employees, supervisors or agents shall have the right to remove all unauthorized products from the Restaurant without any liability to Franchisee including, but not limited to, payment for such unauthorized products.

B. **Quality Assurance Programs**. Franchisee will, at its expense, cooperate with and participate in any inspections, quality assurance programs and other procedures or programs specified or required by Franchisor to monitor the quality of the operations of Franchisee's Restaurant, including telephonic or electronic customer polling and on-site "secret shopper" programs. Payments for the costs associated with Franchisee's participation in such quality assurance programs will be due and payable by Franchisee within ten (10) days after receipt of an invoice indicating the amount owed; provided however, that such payments will not exceed One Thousand Dollars ($1,000) in any calendar quarter.

C. **Audits**. Franchisor and its representatives or agents will have the right at any time during business hours without notice and at other reasonable times without notice, to inspect, copy, request, receive and/or audit, or cause to be inspected, copied, requested, received and/or audited, the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of the Restaurant including, but not limited to, the cash register(s) and the books and records of any corporation, partnership or other entity which holds the Franchise wherever such records may be located. Franchisee agrees to fully cooperate with Franchisor and its representatives or agents and any independent accountants selected and hired by Franchisor to conduct any inspection or audit. If any inspection or audit discloses an understatement of the Gross Revenues of the Restaurant, Franchisee must pay Franchisor within seven (7) days after receipt of the inspection or audit report, the Continuing License Fees and Advertising Fees, plus interest and Administrative Fees on the amount of the understatement (at a rate and on the terms provided in Section 3(J) of this Agreement) from the date originally due until the date of payment. Further, if the inspection or audit is made necessary by failure to furnish the reports, supporting records, sales tax returns, other information or financial statements, required by this Agreement, or to furnish those reports, records, information or financial statements on a timely basis, or if

an understatement of the reported Gross Revenues for any period is determined by an audit or inspection to be greater than two percent (2%), or if the audit cannot reasonably be completed, Franchisee shall reimburse Franchisor for any costs associated with such inspection or audit, including, without limitation, the charges of attorneys and any accountants, and the travel expenses, room and board and applicable per diem charges for Franchisor's representatives or agents. In addition, if the audit cannot reasonably be completed, it shall be presumed that Franchisee under reported its Gross Revenues during such period by twenty percent (20%), and Franchisee shall pay Franchisor the additional Advertising Fees and Continuing License Fees, interest and Administrative Fees due thereon. The above remedies are in addition to all other remedies and rights Franchisor may have under this Agreement or under applicable law.

14. ASSIGNMENT AND SALE

A. **Assignment by Franchisee; Conditions**. This Agreement is a personal one being entered into by Franchisor in reliance upon and in consideration of the personal skills, qualifications and representations of, and the trust and confidence reposed in Franchisee and, where applicable, its partners, officers, directors, owners and managers. Accordingly, except as otherwise provided herein, Franchisee shall have no right to assign, sell, transfer, or encumber, by operation of law or otherwise (hereinafter referred to as "**assignment**" or, in the predicate, as "**assign**") all or part of its interest in this Agreement and/or any of the Franchise Assets without obtaining the prior written consent of Franchisor, which consent shall not be unreasonably withheld, and in conformance with the first refusal procedures described in Section 14(E) below. "**Franchise Assets**" will include: (i) this Agreement; (ii) the ownership interests in Franchisee, if Franchisee is an entity; (iii) any of the assets of Franchisee's Restaurant; (iv) the lease for the Restaurant; (v) the land and building for the Site of the Restaurant (if owned by Franchisee or Franchisee's owners); and (vi) the Equipment, furniture, fixtures, supplies and other items used in the Restaurant, except for transactions involving the sale of such items in the normal course of business. It shall not be unreasonable for Franchisor to impose certain conditions precedent to or as a condition of its consent to an assignment by Franchisee including, but not limited to, the following:

(1) That the purchaser, transferee or assignee (hereinafter referred to as "**assignee**") in the sole judgment of Franchisor meets Franchisor's standards then applied to evaluate prospective franchisees, including but not limited to, good moral character and reputation, competence, financial ability and satisfaction of credit requirements;

(2) That all outstanding debts of Franchisee owed to Franchisor and all others and all other obligations incurred pursuant to this Agreement are fully satisfied and shall be assumed by the assignee and its owners, in a manner satisfactory to Franchisor;

(3) That prior to the assignment, Franchisee executes a general release of Franchisor of all claims in a form approved by Franchisor;

(4) That the assignee and its owners, if any, execute the then-current form of Franchise Agreement in compliance with all waiting periods under applicable federal and state franchise registration and disclosure laws or rules and agree to be bound by all provisions of the Franchise Agreement, including, but not limited to, any restrictive covenants contained therein;

(5) That Franchisee pays to Franchisor in cash or certified check or cashier's check a transfer fee in an amount equal to fifty percent (50%) of the then-current Initial Franchise Fee (the "**Transfer Fee**");

(6) That the assignee and/or its personnel successfully completes, to Franchisor's satisfaction, the next available initial training program with the cost of the training program as well as transportation, lodging and meals to be paid by the assignee;

(7) That Franchisee has cured all defaults and non-compliance under this Agreement (including the Manual) and any other Agreement between Franchisee and Franchisor or any of their affiliates; and

(8) That the assignee obtains, in the proper name, all necessary, effective and valid insurance policies, business license(s) and liquor license(s) prior to the closing of any proposed assignment.

Franchisor may expand upon, and provide more details related to, the conditions for assignment and Franchisor's consent as described in this Section 14(A), and may do so in the Operations Manual or otherwise in writing.

B. **Transfer Costs**. The Transfer Fee is intended to cover all costs attendant to such assignment, including without limitation, credit investigation, legal fees, and related expenses, including an allocation of Franchisor's internal costs and, if applicable, the costs of training the assignee and/or its Management Team (the "**Transfer Costs**"). Franchisee shall pay Franchisor a deposit of Two Thousand Five Hundred Dollars ($2,500) upon submitting its formal written request to assign, which will be credited towards the Transfer Fee. If no assignment occurs, Franchisor will return the deposit to Franchisee, less Franchisor's Transfer Costs associated with the request for assignment.

C. **Consent to Assignment by Franchisor**. At least sixty (60) days prior to the closing of any proposed assignment, Franchisee must deliver by registered mail to Franchisor written notice of all the terms and conditions of the proposed assignment and the financial statements of the proposed assignee for the preceding three (3) years or such other financial and other information as Franchisor may require including, if Franchisor so requests, a copy of the unconditional, non-contingent contract for such sale or assignment. Franchisor shall not under any circumstance be deemed to have ratified or approved any representation or warranty therein or other provision thereof, and Franchisor shall have no liability to Franchisee or any successor to any part or all of Franchisee's interest hereunder due to any defects or inaccuracies in such contract. Notwithstanding the foregoing, Franchisor may require full and accurate disclosure by Franchisee to the proposed assignee of all obligations in connection with or related to the Franchise. Franchisee must thereafter deliver to Franchisor by registered mail, within seven (7) days after Franchisor's request, any additional information Franchisor requests. Within thirty (30) days after receipt of the notice of proposed assignment and the financial statements described above, Franchisor shall either approve or disapprove the assignment or notify Franchisee that Franchisor will exercise their right of first refusal described in Section 14(E) below. If Franchisor fails to notify Franchisee within thirty (30) days, Franchisor shall be deemed to have consented to the assignment. Consent to an assignment shall not constitute consent to an assignment to the same assignee upon any other terms or conditions or to any subsequent assignment to another assignee.

D. **Deemed Assignments**. In addition to the assignments described above, the following shall be deemed to be assignments of this Agreement which will require Franchisor's prior written consent and the payment of the appropriate Transfer Fees:

(1) If Franchisee is a corporation:

(a) any merger, consolidation, recapitalization or similar reorganization involving the corporation or its shareholders;

(b) any sale or transfer of voting stock or debt instruments convertible into voting stock;

(c) the sale, lease or other transfer of all or substantially all the assets of such corporation; or

(d) the dissolution of such corporation.

(2) If Franchisee is a partnership or limited liability company:

(a) any sale or transfer of any general partner's, manager's or member's interest (including a transfer or series of transfers of shares of voting stock of a corporate partner, manager or member);

(b) any sale or transfer of voting partnership or membership interests or debt instruments convertible into voting partnership or membership interests;

(c) any sale, lease or other transfer of all or substantially all the partnership or limited liability company's assets; or

(d) the dissolution of the partnership or limited liability company.

E. **Franchisor's Right of First Refusal**. If Franchisee desires to make any assignment which requires Franchisor's consent hereunder, Franchisee must give Franchisor not less than sixty (60) days prior written notice of such proposed assignment. Said notice must specify the name and address of the proposed purchaser or assignee and must set forth the price, terms, conditions and date and place of the closing of the proposed assignment. Franchisor shall have the option, exercisable within thirty (30) days after receipt of such notice, to purchase the interest being assigned for the same price and upon the same terms and conditions as set forth in the notice. During that period of thirty (30) days, Franchisor shall have the right to inspect all of Franchisee's books and records relating to the franchise operation, specifically including all financial records and statements for the three (3) full fiscal years preceding the date on which the thirty (30) day right of first refusal commences, and, if Franchisee is a corporation, all corporate minute books and transfer records. If Franchisor waives or does not exercise its right of first refusal, then Franchisee may complete the proposed assignment provided Franchisor first consents thereto in writing as required by and under the terms and conditions stated in Section 14(A) above. In the event the proposed assignment is not completed, or the terms and conditions of the proposed assignment are altered, Franchisor shall have a new right of first refusal for thirty (30) days with regard to an assignment.

F. **Assignment on Death**. If Franchisee or, as applicable, Franchisee's majority equity owner(s) or general partner(s) die(s), the surviving spouse, heirs or estate of the deceased Franchisee, owner or partner, as the case may be, shall be allowed to participate in the ownership of the franchised Restaurant business during the one hundred eighty (180) days after such death. During the one hundred eighty (180) day period, all standards and obligations under this Agreement must be maintained. Prior to the end of the one hundred eighty (180) day period, the participant must either (1) apply to Franchisor for the right to continue to operate the Franchise for the remainder of the term of this Agreement and any renewals hereof, which right shall be granted upon the participant's fulfillment of all the then-current qualifications for Giordano's® Restaurant franchisees; or (2) assign this Agreement and the Restaurant to an assignee who satisfies Franchisor's then-current standards for franchisees in accordance with this Section 14.

G. **Assignment or Transfer of Real Estate**. Franchisor's consent is not required for an assignment or transfer of the real estate upon which the Restaurant is located, provided that (1) if Franchisee or an affiliated or related person or entity is the seller or purchaser thereof, the lease provisions are satisfactory to Franchisor, (2) such assignment or transfer does not materially affect Franchisee's business, and (3) Franchisor is given twenty (20) days prior written notice of the intended assignment or transfer and a reasonable opportunity to review the intended assignment and/or transfer documents in order to determine whether such assignment or transfer will materially affect Franchisee's business.

H. **Franchisee's Continued Liability**. If any assignment is permitted and effected hereunder pursuant to this Section 14, then the assigning Franchisee, partner or owner, as the case may be, shall be and remain liable to Franchisor for payment of all monies due to Franchisor, liability for which accrued prior to the effective date of the assignment. The assigning Franchisee, partner or owner shall also continue to be bound by the restrictive covenants and provisions set forth in Sections 6, 8, 9 and 15 of this Agreement, except that the restrictive period provided for in Section 9(E) shall commence on the effective date of the assignment or on the date the assignee takes possession of the Restaurant and commences business, whichever shall occur first.

I. **Assignment by Franchisor**. Franchisor shall have the right to assign this Agreement without the consent or approval of Franchisee. This Agreement shall inure to the benefit of Franchisor, its successors and assigns.

J. **Agreement of Assignee**. Any assignee of all or part of Franchisee's or a partner's or owner's interest in this Agreement shall be deemed to have expressly agreed to and assumed all of the obligations of Franchisee under this Agreement, specifically including all restrictions on assignment provided for in this Section 14, and any reference in this Agreement to "Franchisee" shall be deemed to include any such assignees.

15. TERMINATION

A. **Termination Without Notice or Opportunity to Cure**. Franchisor shall have the right to terminate this Agreement effectively immediately without notice or opportunity to cure if any of the following events occur:

(1) In the event the Site has not been located and the lease for the Restaurant has not been executed (or legal possession of the Site has not been acquired) within six (6) months after the execution date of this Agreement by Franchisor if the Restaurant is a Limited-Service Restaurant or nine (9) months after the execution date of this Agreement by Franchisor if the Restaurant is a Full-Service Restaurant. The Initial Franchise Fee paid by Franchisee shall not be refunded under any circumstances.

(2) Franchisee is declared bankrupt or judicially determined to be insolvent, or all or a substantial part of the assets of Franchisee are assigned to or for the benefit of any creditor, or Franchisee admits an inability to pay Franchisee's debts as they come due;

(3) Franchisee abandons the Franchise by failing to operate the Restaurant for five (5) consecutive days during which Franchisee is required to operate, or any shorter period after which it is not unreasonable for Franchisor to conclude that Franchisee does not intend to continue to operate the Restaurant unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond Franchisee's control;

(4) Franchisor and Franchisee agree in writing to terminate this Agreement;

(5) Franchisee makes any material misrepresentations relating to the acquisition of the Franchise or Franchisee engages in conduct that reflects materially and unfavorably upon the operation and reputation of Franchisor, the Restaurant or the System;

(6) After curing any breaches described in Section 15(B) of this Agreement, Franchisee engages in the same non-compliance, regardless of whether such non-compliance is corrected after notice;

(7) Franchisee repeatedly fails to comply with one or more requirements of this Agreement, regardless of whether corrected after notice;

(8) The Restaurant or any other assets (including books and records) used by Franchisee in connection with the operation of the Restaurant or Franchisee's business are seized by a government official in the exercise of such official's duties (other than condemnation) or seized by a creditor, lienholder or lessor;

(9) A final judgment against Franchisee remains unsatisfied for thirty (30) days, unless a supersedeas or other appeal bond has been filed, or a levy or execution is made upon the License granted by this Agreement or upon any property used in the Restaurant and is not discharged within five (5) days after such levy or execution;

(10) Franchisee, any partner or owner of Franchisee or the General Manager is convicted of (a) a felony or (b) other criminal misconduct that substantially impairs the goodwill associated with the Marks;

(11) Franchisor reasonably determines that Franchisee's continued operation of the Restaurant will result in imminent danger to public health or safety or will substantially impair the goodwill associated with the Marks or Giordano's®;

(12) Franchisee fails to attend or to satisfactorily complete Franchisor's training program;

(13) Franchisee fails to open the Restaurant as set forth in Section 4(K) of this Agreement, or opens the Restaurant without completely complying with each and all of the requirements set forth in Section 4 of this Agreement;

(14) Franchisee sells, assigns or transfers all or any part of its interest in this Agreement or, if Franchisee is an entity, an owner sells, assigns or transfers all or part of his or her ownership interest, or, if Franchisee is a partnership, a partner sells, assigns or transfers all or any part of his or her interest in the partnership, without first complying with the terms of Section 14 of this Agreement; or

(15) The lease for the Restaurant premises is cancelled or terminated by the landlord thereof or Franchisee is in default under the lease beyond any applicable cure period.

B. **Termination After Notice and Opportunity to Cure**. Franchisor shall have the right to terminate this Agreement after notice and an opportunity to cure as follows:

(1) If Franchisee fails to pay when due any monies owed to Franchisor or any affiliate of Franchisor, or any supplier or other creditor, then written notice of such failure will be personally delivered or sent, postage prepaid by certified or registered mail to Franchisee, and this Agreement shall terminate upon the expiration of a period of five (5) days without any further notice, except as may be required by law, if Franchisee fails to pay the monies owed by the expiration of such five (5) day period;

(2) If Franchisee fails to comply with any federal, state or local law or regulation applicable to the operation of the Restaurant, then written notice of such non-compliance will be personally delivered or sent, postage prepaid by certified or registered mail to Franchisee, and this Agreement shall terminate upon the expiration of a period of ten (10) days without any further notice, except as may be required by law, if Franchisee fails to cure such non-compliance by the expiration of such ten (10) day period; or

(3) If Franchisee breaches this Agreement, other than those described in Sections 15(A), 15(B)(1) and 15(B)(2) above, then written notice of such breach will be personally delivered or sent, postage prepaid by certified or registered mail to Franchisee, and this Agreement shall terminate upon the expiration of a period of thirty (30) days without any further notice, except as may be required by law, if Franchisee fails to cure such breach by the expiration of such thirty (30) day period.

C. **Termination After Notice**. This Agreement will automatically terminate on delivery of notice of termination to Franchisee if any part of this Agreement relating to the payment of fees to Franchisor, to Franchisor's right to control the use of Advertising Fees, to non-competition during the term of this Agreement or to the preservation of any of the Marks or Confidential Information is for any reason declared invalid or unenforceable, and if as a result, Franchisor believes in its sole opinion that the continuation of this Agreement would not be in the best interests of the Giordano's® System.

D. **Cross-Default**. Any default or non-compliance by Franchisee under this Agreement constitutes a default under any other agreement between Franchisee or Franchisee's affiliates, on the one hand, and Franchisor or Franchisor's affiliates, on the other hand. Any default or non-compliance under any other agreement between Franchisee or Franchisee's affiliates, on the one hand, and Franchisor or Franchisor's affiliates, on the other hand, or any failure by Franchisee or Franchisee's affiliates to perform any obligation owed to Franchisor or Franchisor's affiliates constitutes a default under this Agreement. Notwithstanding the foregoing, if Franchisee and Franchisor are parties to an Area Development Agreement, Franchisee's failure to comply with the Development Schedule (as defined in the Area Development Agreement) shall not constitute a default under this Agreement.

E. **Franchisee's Obligations Upon Termination**. Upon termination of this Agreement for any reason, all rights and obligations between Franchisor and Franchisee will terminate except for those obligations of Franchisee that specifically or by their nature survive such termination. Franchisee will cease to be a licensed participant in the System. Franchisee must:

(1) Pay to Franchisor within seven (7) days after the effective date of termination or expiration all amounts owing from Franchisee to Franchisor, plus late payments charges thereon as described in Section 3(J);

(2) Immediately discontinue and thereafter abstain from all usage of the Marks, signs and structures, forms of promotion or advertising, and all materials, techniques, methods and products of any kind that are identified or associated with the System, and must return all such materials to Franchisor, whether or not furnished by Franchisor;

(3) Immediately make or cause to be made such changes in signs, buildings and structures as Franchisor may direct in order to distinguish the business from its former appearance and from other Giordano's® Restaurants and, if Franchisee fails or omits to make or cause to be made such changes, then Franchisor shall have the right to enter upon the Restaurant premises, without liability to Franchisee, and to make or cause to be made such changes at the expense of Franchisee, which expense Franchisee shall pay on demand;

(4) Immediately take all actions necessary to cancel any assumed or fictitious name or other registration containing any of the Marks, so as to delete the Marks and all references to anything associated with the System, and furnish to Franchisor satisfactory evidence of compliance with this obligation and the obligation to discontinue use of the Marks, within thirty (30) days after such expiration or termination of this Agreement and if Franchisee fails to do so, Franchisor shall have the right to execute in Franchisee's name, an abandonment of the use of the name "Giordano's®" and any derivative or similar name or any work contained in such name, and Franchisee hereby irrevocably appoints and designates Franchisor as Franchisee's attorney-in-fact to do so which appointment shall be deemed to be coupled with an interest;

(5) Discontinue the use of any telephone listing or telephone directory listing for the Restaurant and assign Franchisee's Restaurant telephone number to Franchisor or the assignee designated by Franchisor;

(6) Thereafter make no representation nor state that Franchisee is in any way approved or licensed by Franchisor or associated with Franchisor, the Marks or the System;

(7) Deliver immediately to Franchisor the Manual and all supplements, amendments and additions thereto and all promotional or other materials of a proprietary nature or which bears any of the Marks;

(8) Pay within seven (7) days after the effective termination or expiration all charges and amounts due to others in connection with Franchisee's operation of the Restaurant including, but not limited to, affiliates, and all of Franchisor's costs and expense of entering the Restaurant and making the necessary changes as provided in this Section 15(E); and

(9) If Franchisor's repurchase option, as described in Sections 15(G) and 15(H) below, is not exercised, upon Franchisee's request and upon payment of the fair wholesale value thereof, return to Franchisor all products and supplies bearing the Marks.

F. **Appointment of Manager**. In the event Franchisee has not cured a default under this Agreement within the applicable cure period provided herein, Franchisor may, but is not required to, appoint a manager to maintain the operations of the Restaurant for and on behalf of Franchisee for as long as Franchisor deems necessary and practical. All funds from the operation of the Restaurant during the period Franchisor's representative manages the Restaurant shall be kept in a separate fund and all expenses of the Restaurant incurred during this period, including the manager's salary, shall be charged to the fund. In addition to the payment of the manager's salary, Franchisee shall also pay to Franchisor a per diem fee for each day Franchisor's representative continues to manage and operate the Restaurant, and all third-party costs Franchisor incurs in connection with the management and operation of the Restaurant. Operation of the Restaurant during any such period shall at all times be conducted for and on behalf of Franchisee, provided that Franchisor shall only have a duty to utilize its reasonable efforts in the operation of the Restaurant and shall not be liable to Franchisee for any losses incurred from such operation of the Restaurant, or to any of Franchisee's creditors for any merchandise, supplies or services purchased by the Restaurant during such period. Franchisee shall hold harmless Franchisor and its representatives from any and all claims of any kind arising out of Franchisor's operation of the Restaurant. Franchisor's appointment of a manager to operate the Restaurant shall not relieve Franchisee of any obligations under this Agreement nor constitute a waiver of Franchisor's right to Franchisor's appointment of a manager to operate the Restaurant shall not relieve Franchisee of any obligations under this Agreement nor constitute a waiver of Franchisor's right to terminate this Agreement as provided in this Section 15. Franchisee agrees to pay all of Franchisor's attorneys' fees incurred in connection with Franchisor's exercise of its right to appoint a manager under this Section 15(F).

G. **Franchisor's Right to Repurchase**. Upon expiration or termination of this Agreement, Franchisor shall have the option, exercisable by written notice given to Franchisee within thirty (30) days after the expiration or termination of this Agreement, to purchase from Franchisee for cash all tangible assets of the Restaurant. Franchisor will also be entitled, at no additional cost, to an assignment of Franchisee's lease for the premises of the Restaurant or, if an assignment is prohibited, a sublease, for the full remaining term of and on the same terms and conditions as Franchisee's lease. If Franchisee or a person or entity related to or affiliated with Franchisee owns the real property used for the Restaurant, Franchisor shall also have the option, exercisable by written notice given to Franchisee within thirty (30) days after the later to occur of (1) the expiration or termination of this Agreement or (2) Franchisor's learning that the real estate is owned by Franchisee or a person or entity related to or affiliated with Franchisee, to purchase such real property. If this Agreement expires, the purchase price for the Restaurant assets shall be an amount agreed upon by Franchisee and Franchisor within thirty (30) days after Franchisor's notice is given to Franchisee. If upon the expiration of this Agreement, Franchisee and Franchisor cannot agree on a purchase price within such time, the purchase price shall be determined by an independent appraiser selected as follows: (1) Franchisor and Franchisee shall each, by written notice given to the other not later than thirty (30) days after Franchisor's notice is given to Franchisee, designate one appraiser with at least ten (10) years of experience appraising assets of the type which are the subject of Franchisor's notice in the area of the Restaurant; (2) if only one of Franchisor and Franchisee designate an appraiser within such time, then the one appraiser so designated shall determine the purchase price. If two appraisers are designated within such time, then the appraisers shall be directed to select, not later than forty (40) days after Franchisor's notice is given, a third appraiser who shall determine the purchase price; (3) the decision of the appraiser shall be binding on Franchisor and Franchisee; (4) Franchisor and Franchisee shall each pay the cost of the one appraiser, if only one appraiser is designated, or Franchisor and Franchisee shall each pay the costs of their respective appraisers and the cost of the third appraiser shall be divided equally between Franchisor and Franchisee; and (5) the appraiser making the determination shall be directed, in determining the purchase price, not to include value for intangibles, goodwill or for the business as a going concern. Upon the termination of this Agreement, the purchase price for the Restaurant assets shall be book value as determined by generally accepted accounting principles.

H. **Closing of Repurchase Transaction**. The closing of Franchisor's purchase of the assets (the "**Closing**") shall occur at a time and place designated by Franchisor but in no event later than sixty (60) days after determination of the purchase price. The purchase price shall be paid in three (3) equal installments. The first installment shall be paid at the Closing and subsequent installments shall be due on the first and second anniversary dates of the Closing. Unpaid installments of the purchase price shall accrue interest from the date of the Closing until paid at the prime rate of interest announced from time to time by the First National Bank of Chicago or, if the Bank stops announcing such a rate, then at the rate the Bank charges its largest commercial borrowers for short-term borrowing. Payment of any accrued interest shall accompany payments to Franchisee of each installment of the purchase price. Franchisor shall have the right to offset against and reduce the amount of the first installment of the purchase price, and defer the installment, if necessary, by any and all amounts owed by Franchisee to Franchisor or any of its affiliates. If Franchisee is unable to deliver clear title to all the purchase assets or if there are other unresolved issues, the Closing will be accomplished through an escrow. If Franchisor exercises the repurchase option set forth herein, Franchisor shall have the right, pending the Closing, to appoint a manager to maintain the operation of the Restaurant. Alternatively, Franchisor may require Franchisee to close the Restaurant during such time period without removing any assets other than perishable products. Franchisor has an unrestricted right to assign the option to repurchase set forth herein to a third party.

I. **Continuing Obligations**. All obligations of this Agreement (whether Franchisor's or Franchisee's) which expressly or by their nature survive the expiration or termination of this Agreement

will continue in full force and effect after and notwithstanding its expiration or termination until such obligations are satisfied in full or by their nature expire.

16. MISCELLANEOUS

A. **Invalid Provisions; Substitution of Valid Provisions**. As stated earlier in this Agreement in Section 15, if any provision of this Agreement relating to the payment of fees to Franchisor, to non-competition during the term of this Agreement, or to the preservation of any of the Marks or Confidential Information disclosed pursuant to this Agreement is declared invalid or unenforceable, and if, as a result, Franchisor believes in its sole opinion that the continuation of this Agreement would not be in the best interests of the System, Franchisor has the right to terminate this Agreement on written notice to Franchisee. If any state or federal law requires Franchisor to renew this Agreement, Franchisee agrees that renewal will be pursuant to the terms of Franchisor's then-current form of Franchise Agreement. To the extent that any restrictive covenant contained in this Agreement is deemed unenforceable because of its scope in terms of area, business activity prohibited, or length of time, Franchisee agrees that the invalid provision will be deemed modified or limited to the extent or manner necessary to make that particular provision valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that provision under the laws applied in the forum in which Franchisor is seeking to enforce it. If any lawful requirement or court order of any jurisdiction (1) requires a greater advance notice of the termination or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement, or (2) makes any provision of this Agreement or any specification, action or operating procedure prescribed by Franchisor invalid or unenforceable, the advance notice and/or other action required or revision of the specification action or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provision enforceable to the greatest extent possible. Franchisee agrees to be bound by the modification to the greatest extent lawfully permitted.

B. **Unilateral Waiver of Obligations**. Either Franchisor or Franchisee may, by written notice, unilaterally waive or reduce any obligation or restriction of the other party under this Agreement. The waiver or reduction may be revoked at any time for any reason on ten (10) days written notice.

C. **Written Consents from Franchisor**. Whenever this Agreement requires Franchisor's advance approval or consent, Franchisee agrees to make timely written request for it. Franchisor's approval or consent will not be valid unless it is in writing.

D. **No Guarantees**. If in connection with this Agreement, Franchisor provides to Franchisee any waiver, approval, consent or suggestion, or if Franchisor neglects or delays its response or denies any request for any of those, Franchisor will not be deemed to have made any warranties or guarantees which Franchisee may rely on, and will not assume any liability or obligation to Franchisee.

E. **No Waiver**. If at any time or from time to time Franchisor does not exercise a right or power available to it under this Agreement or does not insist on Franchisee's strict compliance with the terms of this Agreement, Franchisor will not be deemed to have waived its right to demand exact compliance with any of the terms of this Agreement at a later time, and Franchisor's waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between Franchisor and any other franchises will not affect Franchisor's rights with respect to any later breach, and Franchisee waives any claim that any such act or failure to act by Franchisor constitutes a custom or practice or deviation from or variance with the terms of this Agreement. It will also not be deemed to be a waiver of any breach of this Agreement for Franchisor to accept payments which are due to it under this Agreement.

F. **Cumulative Remedies**. The rights and remedies specifically granted to either Franchisee or Franchisor by this Agreement will not be deemed to prohibit either Franchisor or Franchisee from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

G. **Binding Effect**. This Agreement is binding on and will inure to the benefit of Franchisor's successor and assigns and will be binding on and inure to the benefit of Franchisee's successor and permitted assigns, and if Franchisee is an individual, on and to Franchisee's heirs, executors and administrators.

H. **Entire Agreement**. This Agreement supersedes and terminates all prior agreements, either oral or in writing, between the parties involving the Franchise and/or the Restaurant and therefore, representations, inducements, promises or agreements alleged by either Franchisor or Franchisee that are not contained in this Agreement will not be enforceable. This Agreement, together with the recitals and exhibits to it, constitutes the entire agreement between Franchisor and Franchisee relating to the Restaurant, and there are no other oral or written understandings or agreements between Franchisor and Franchisee concerning the subject matter of this Agreement; **provided, however**, **that nothing in this or any related agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative, subject to any agreed-upon changes to the contract terms and conditions described in that Franchise Disclosure Document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement)**. This Agreement will not supersede any written agreements or contracts that are signed by the parties concurrently with this Agreement. This Agreement (excluding, however, the Manual which is deemed for certain purposes to be part of this Agreement) may be modified only by written agreement signed by both Franchisor and Franchisee.

I. **No Liability to Others; No Other Beneficiaries**. Franchisor will not, because of this Agreement or by virtue of any approvals, advice or services provided to Franchisee, be liable to any person or legal entity who is not a party to this Agreement, and no other party shall have any rights because of this Agreement.

J. **Construction**. All headings of the various sections and paragraphs of this Agreement are for convenience only and do not affect the meaning or construction of any provision. All reference in this Agreement masculine, neuter or singular or plural usage will be construed to include the masculine, feminine, neuter or singular or plural, wherever applicable. Except where this Agreement expressly obligates Franchisor to reasonably approve or not unreasonably withhold its approval of any of Franchisee's actions or requests, Franchisor has the absolute right to refuse any request by Franchisee or to withhold its approval of any action or omission by Franchisee. The term "**affiliate**" as used in this Agreement is applicable to any company directly or indirectly owned or controlled by Franchisor or under common control with Franchisor that owns or operates Giordano's® Restaurants, that sells products, equipment or any other materials used in connection with the operation of a Giordano's® Restaurant or that otherwise transacts business with Franchisee.

K. **Joint and Several Liability**. If two (2) or more persons are Franchisee under this Agreement, their obligation and liability to Franchisor shall be joint and several.

L. **Multiple Originals**. This Agreement may be executed using multiple copies, each of which will be deemed an original.

M. **Timing Is Important**. Time is of the essence with respect to each and every provision of this Agreement in which time is a factor; provided, however, neither Franchisor nor Franchisee shall be

liable for loss or damage due to delay in the performance of its obligations resulting from transportation shortages, inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof, compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, municipal government or any department or agency thereof, acts of God, acts or omissions of the other party, fires, strikes, embargoes, wars, riots, or any other similar event or cause beyond a party's control. Any delay resulting from any of these causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

N. **Specific Performance, Injunctive Relief**. Provided Franchisor gives Franchisee any notice which may be required by law, Franchisor will be entitled, without being required to post a bond, to the entry of temporary and permanent injunctions and orders of specific performance in any court of competent jurisdiction (1) to enforce the provisions of this Agreement relating to Franchisee's use of the Marks and Franchisee's confidentiality, non-disclosure and non-competition obligations under this Agreement, (2) to enforce the provisions in Section 14 of this Agreement related to assignment and prevent Franchisee's assignment of this Agreement or the Franchise Assets without Franchisor's prior written consent, (3) to prohibit any act or omission by Franchisee or its employees that constitutes illegal activity, a violation of any applicable law, ordinance or regulation, constitutes a danger to the public, or may impair the goodwill associated with the Marks or Giordano's® Restaurants, or (4) to prevent any other irreparable harm to Franchisor's interests, the Marks or the System. If Franchisor obtains an injunction or order of specific performance, Franchisee agrees to pay Franchisor an amount equal to the total of Franchisor's costs of obtaining it, including without limitation, attorneys', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses and travel and living expenses, and any damages Franchisor incurs as a result of the breach of any such provision. Franchisee further agrees to waive any claims for damage in the event there is a later determination that an injunction or specific performance order was issued improperly. Nothing in this Agreement shall limit or restrict Franchisor's rights under this Section 16(N).

O. **Independent Provisions**. The provisions of this Agreement are deemed to be severable. The parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.

P. **Costs and Legal Fees**. If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in the proceeding shall be reimbursed by the other party for its costs and expenses, including, without limitation, accountants', attorneys', attorneys assistants', arbitrators' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by Franchisee to comply with this Agreement, Franchisee shall reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

Q. **Consent to Jurisdiction**. Except as limited by Section 16(V) below, Franchisee agrees that is shall and Franchisor may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in Cook County, Illinois. Franchisee and each partner, shareholder, or other owner of Franchise irrevocably submits to the jurisdiction of such courts and waives any objection it may have to either the jurisdiction or venue of such court. Franchisee acknowledges and agrees that this Section shall survive the termination or expiration of this Agreement.

R. **Waiver of Punitive Damages, Class Action Proceedings and Jury Trial**. Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for punitive or exemplary

damages against Franchisor and agrees that in the event of a dispute between them, Franchisee shall be limited to the recovery of actual damages sustained by it. Franchisor and Franchisee agree that any dispute and any arbitration will be conducted and resolved on an individual basis only and not a consolidated, class-wide, multiple plaintiff or similar basis. Any such proceeding will not be consolidated with any other proceeding involving any other person, except for disputes involving affiliates of the parties to such dispute or arbitration. Franchisor and Franchisee hereby irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, brought by either of them against the other whether or not there are other parties in such action or proceeding.

S. **Limitations of Claims**. Except with regard to Franchisee's obligations to make payments to Franchisor pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or the relationship of Franchisee and Franchisor pursuant hereto shall be barred unless an action or proceeding is commenced within one (1) year after the first day on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to such claims. If written notice of the claim is not given by Franchisee or Franchisor within one (1) year after the first day on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to such claim, then the claim will be deemed to be condoned, approved and waived by Franchisee or Franchisor. Upon written request from Franchisor, Franchisee will furnish to Franchisor written confirmation, in a form acceptable to Franchisor, that as of the date of the request, Franchisee does not have any claims against Franchisor arising out of or relating to this Agreement or its relationship with Franchisor.

T. **Mandatory Meeting of Executives**. The parties agree that that before resorting to arbitration, as required under Section 16(U), or any other legal proceeding, they will first attempt in good faith to resolve any dispute, claim, or controversy arising out of or relating to this Agreement or any alleged breach hereof by arranging a meeting between Franchisor and Franchisee. The party invoking a meeting under this Section 16(T) must notify the other party in writing, which notice must name at least one (1) owner, officer or director with decision-making authority who will be present at the meeting. The party receiving the notice must reply within seven (7) days of receiving the notice, and must also identify at least one (1) owner, officer or director with decision-making authority who will be present at the meeting. No more than two (2) individuals from each party shall attend the meeting and, unless otherwise agreed, counsel for either party shall not be present. The meeting will be held at Franchisor's then-current headquarters and must take place within thirty (30) days following the date either party first gives notice hereunder. Neither party shall commence arbitration pursuant to Section 16(U) until thirty (30) days after the meeting of executives takes place, during which time the parties will attempt in good faith to resolve the dispute. If no resolution is reached, either party may commence arbitration pursuant to Section 16(U) on the thirtieth (30th) day following the meeting. The entire meeting shall be confidential and the conduct, statements, promises, offers, views, and opinions of the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the meeting. Notwithstanding the foregoing, this Section 16(T) shall not apply to Franchisor's right to seek temporary and permanent injunctions and orders of specific performance pursuant to Section 16(N) or any claim arising out of Franchisee's failure to pay any monies owed to Franchisor or any affiliate of Franchisor.

U. **Arbitration**. Except for controversies, disputes or claims related to or based on Franchisee's use of the Marks or Confidential Information, and any rights Franchisor may have to possession of the premises of the Restaurant under any sublease, lease or collateral assignments, all controversies, disputes or claims between Franchisor, its affiliates, and their respective owners, officers, directors, agents, employees and attorneys, and Franchisee (its affiliates and owners and guarantors, if applicable), arising out of or related to the following categories will be submitted for Arbitration:

(1) This Agreement or any other agreement between the parties, or any provision of such Agreements;

(2) Franchisor's relationship with Franchisee, or the obligations by and between the parties;

(3) The validity of this Agreement or any other agreement between Franchisor and Franchisee or any provision of such agreements; or

(4) The System and any standard or criteria relating to the establishment or operation of the Restaurant, including but not limited to, the approved methods of operation, approved methods of preparation, secret recipes, uniformity and consistency of Approved Products and Approved Services.

V. **Arbitration Procedures**. The claim will be submitted before one arbitrator to the Chicago, Illinois office of the American Arbitration Association on demand of either party. Such Arbitration proceedings will be conducted in Cook County, Illinois and, except as otherwise provided in this Agreement, will be heard in accordance with the then-current rules of the American Arbitration Association including, but not limited to, its Commercial Arbitration Rules and Optional Appellate Arbitration Rules. Upon election by Franchisor, the Arbitration proceedings will be conducted in accordance with the American Arbitration Association's Expedited Procedures regardless of the amount of any claim or counterclaim. All matters relating to Arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §1, et seq.) and not by any state arbitration law, and by the provisions of this Agreement.

(1) Arbitration will be conducted on an individual basis only, not as a consolidated or class-action proceeding, and Franchisor and Franchisee waive any and all rights to proceed on a consolidated or class basis. Further, an Arbitration proceeding between Franchisor and Franchisee (its affiliates and owners and guarantors) may not be consolidated with any other Arbitration proceeding between them and any other franchisee, person or entity.

(2) The parties agree that the Arbitrator must have a minimum of ten (10) years of experience practicing in the area of franchise and distribution law, and must have served as an arbitrator in at least five (5) arbitrations involving disputes between franchisors and franchisees.

(3) Except as limited by this Agreement, the Arbitrator will have the right to award or include in the award any relief which the Arbitrator deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees, costs and expenses (and interest on such fees, costs and expenses), provided that the Arbitrator will not have the right to declare any mark generic or otherwise invalid or to award exemplary or punitive damages. The decision of the Arbitrator will be conclusive and binding upon all parties and judgment upon the Arbitrator's decision may be entered in any court of competent jurisdiction. The parties agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. The parties further agree that, in connection with any such Arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed as described above will be forever barred.

W. **Injunctive Relief**. Notwithstanding anything to the contrary contained in this Section, Franchisor has the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, as permitted by Section 16(N).

X. **Survival of Arbitration Provisions**. The provisions of Agreement relating to arbitration are intended to benefit and bind certain third party nonsignatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Y. **Exercise of Franchisor's Business Judgment**. Franchisor shall have the right, in its sole judgment, to operate, develop and change the System in any manner that is not specifically prohibited by this Agreement. Whenever Franchisor has reserved in this Agreement a right to take or withhold an action, or to grant or decline to grant Franchisee a right to take or omit an action, Franchisor may, except as otherwise specifically provided in this Agreement, make its decision or exercise its rights based on the information readily available to Franchisor and its judgment of what is in Franchisor's, its franchisees', and/or the System's best interests at the time the decision is made, regardless of whether Franchisor could have made other reasonable or even arguably preferable alternative decisions or whether its decision or the action it takes promotes its financial or other individual interest.

Z. **Varying Standards**. Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, in its sole and absolute discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards and Franchise Agreement provisions for any franchisee or prospective franchisee based upon the peculiarities of a particular site or circumstance, density of population, business potential, population or trade area, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of such franchisee's business. Franchisee will not have the right to complain about a variation from standard specifications and practices granted to any other franchisee and will not be entitled to require Franchisor to grant Franchisee a like or similar variation.

AA. **Notices and Payments**. All written notices and reports permitted or required under this Agreement or by the Manual are given when personally delivered or deposited with the United States mail or with an overnight courier for delivery and will be deemed delivered at the time of delivery by hand, one (1) business day after sending by overnight courier and three (3) business days after placement in the United States mail. Notices delivered by United States mail shall be sent by Registered or Certified Mail, Return Receipt Requested, postage prepaid. Notices to Franchisee shall be deemed properly addressed if addressed to the address of the Restaurant. Any required payment or report which Franchisor does not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before it is due) will be deemed delinquent.

BB. **Ownership of Franchise**. Franchisee warrants and represents that **Exhibit E** attached hereto is a complete and accurate statement of any and all persons or entities who have an ownership interest, either directly or indirectly, legally or equitably, in Franchisee and the nature and extent of such ownership interest.

CC. **Guaranty and Assumption of Obligations**. This Agreement shall be personally guaranteed by all owners of Franchisee if Franchisee is a corporation or other legal entity, or all partners of Franchisee if Franchisee is a partnership. Concurrent with the execution of this Agreement, all such owners or partners shall execute an Owners' and Guarantors' Undertaking in the form of **Exhibit F** attached hereto.

DD. **Acknowledgments, Representations and Covenants**.

(1) Franchisee acknowledges that it received Franchisor's Franchise Disclosure Document at least fourteen (14) days prior to the payment of the Initial Franchise Fee and/or its execution of this Agreement, that it received a copy of this Agreement with all material blanks filled in at least seven (7)

days prior to the execution of this Agreement, and that it understands and accepts the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at all and thereby to protect and preserve the goodwill of the Marks and the System.

(2) Franchisee acknowledges that it has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted by Franchisee may evolve and change over time, that an investment in a Giordano's® Restaurant Franchise involves business risks and that the success of the venture is largely dependent upon the business abilities and efforts of Franchisee.

(3) Neither Franchisor's sales personnel nor any employee or officer of Franchisor is authorized to make any claims or statements as to the earnings, sales or profits or prospects or chances of success of any Franchise. Franchisor specifically instructs its sales personnel, agents, employees and officers that they are not permitted to make such claims or statements as to the earnings, sales or profits or the prospects or chances of success, nor are they authorized to represent or estimate dollar figures as to a Giordano's® Restaurant Franchise. Franchisor recommends that applicants for Giordano's® Restaurant Franchises make their own investigations and determine whether or not a Giordano's® Restaurant Franchise is profitable. Franchisor recommends that each applicant for a Giordano's® Restaurant Franchise consult with an attorney of its choosing and further be represented by legal counsel at the time of its closing.

(4) If Franchisee is a legal entity, Franchisee (a) represents that it is duly organized and validly existing in good standing under the laws of the jurisdiction of its organization, is qualified to do business in all jurisdictions in which its business activities or the nature of properties owned by Franchisee requires such qualification, and has the authority to execute, deliver and carry out all the terms of this Agreement; and (b) agrees and warrants that all certificates representing ownership interests in Franchisee now outstanding or hereafter issued will be endorsed with a legend in form approved by Franchisor reciting that the transfer of ownership is subject to restrictions contained in this Agreement. Franchisee further represents and warrants that all owners of Franchisee and their interests therein are completely and accurately listed in **Exhibit E** of this Agreement and that Franchisee will execute such revised **Exhibit E** as may be necessary during the term of this Agreement to reflect any changes in the information contained therein.

(5) FRANCHISOR HAS MADE NO REPRESENTATION OR WARRANTY THAT IT WILL REPURCHASE THE FRANCHISE BUSINESS FROM FRANCHISEE OR IN ANY OTHER WAY PROTECT FRANCHISEE FROM THE LOSS OF ANY MONIES PAID IN CONNECTION WITH OR PURSUANT TO THIS AGREEMENT AND THE FRANCHISE BUSINESS. FRANCHISEE HAS BEEN INFORMED AND ACKNOWLEDGES ITS UNDERSTANDING OF THE FACT THAT, BECAUSE OF THE HIGHLY COMPETITIVE NATURE OF THE BUSINESS INVOLVED, SUCCESSFUL OPERATIONS OF THE FRANCHISE WILL DEPEND UPON ITS BEST EFFORTS, CAPABILITIES, MANAGEMENT, AND EFFICIENT OPERATION OF THE FRANCHISE BUSINESS, AS WELL AS THE GENERAL ECONOMIC TRENDS AND OTHER LOCAL MARKETING CONDITIONS.

17. GOVERNING LAW; STATE MODIFICATIONS

A. **Governing Law; Severability.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051, et seq.) and the Federal Arbitration Act, this Agreement and the relationship between Franchisor and Franchisee will be governed by the laws of the state in which the Restaurant is located. The provisions of this Agreement which conflict with or are

inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this Agreement will be enforceable as originally made and entered into upon the execution of this Agreement by Franchisee and Franchisor.

B. **Applicable State Laws.** If applicable, the following states have statutes which may supersede the provisions of this Agreement in Franchisee's relationship with Franchisor in the areas of termination and renewal of the Franchise: Arkansas [Stat. Section 70-807], California [Bus. & Prof. Code Sections 20000-20043], Connecticut [Gen. Stat. Section 42-133e et seq.], Delaware [Code Section 2552], Hawaii [Rev. Stat. Section 482E-1], Illinois [815 ILCS 705/19-20], Indiana [Stat. Section 23-2-2.7], Michigan [Stat. Section 19.854(27)], Minnesota [Stat. Section 80C.14], Mississippi [Code Section 75-24-51], Missouri [Stat. Section 407.400], Nebraska [Rev. Stat. Section 87-401], New Jersey [Stat. Section 56:10-1], Virginia [Code 13.1-557-574-13.1-564], Washington [Code Section 19.100.180], and Wisconsin [Stat. Section 135.03]. These and other states may have court decisions that may supersede the provisions of this Agreement in Franchisee's relationship with Franchisor in the areas of termination and renewal of the Franchise.

C. **State Law Modifications.** If Franchisee's Restaurant is located in any one of the states indicated below in this Section, or if the laws of any such state are otherwise applicable, then this Agreement will be amended and revised as follows:

(1) **California**. If this Agreement is governed by the laws of the State of California, then: (a) the covenant not to compete upon termination or expiration of this Agreement contained in Section 9(E) may be unenforceable, except in certain circumstances provided by law; and (b) provisions of this Agreement giving Franchisor the right to terminate in the event of Franchisee's bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. §101, et seq.).

(2) **Illinois**. If this Agreement is governed by the laws of the State of Illinois, then: (a) the Illinois Franchise Disclosure Act of 1987 [815 ILCS 705/1-44] (the "**Illinois Act**") will be applicable to this Agreement; (b) Section 19 of the Illinois Act will be applicable to the termination of this Agreement by Franchisor; (c) any provision of this Agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that this Agreement may provide for arbitration in a forum outside of Illinois; (d) Section 27 of the Illinois Act will be applicable to any action maintained by Franchisee to enforce any liability created by the Illinois Act; (e) any representations made by Franchisor in the Franchise Disclosure Document provided to Franchisee will remain valid and enforceable by Franchisee after the execution of this Agreement; and (f) any condition, stipulation or provision of this Agreement requiring Franchisee to waive compliance with any provision of the Illinois Act is void.

(3) **Minnesota**. If this Agreement is governed by the laws of the State of Minnesota, then: (a) this Agreement will be amended to provide that, except in certain circumstances specified by law, Franchisor must give Franchisee at least one hundred eighty (180) days prior written notice of nonrenewal of the franchise; (b) except where the immediate termination of this Agreement is permitted under Minnesota law, in the event Franchisor gives Franchisee written notice that Franchisee has breached this Agreement, such written notice will be given to Franchisee at least ninety (90) days prior to the date this Agreement is terminated by Franchisor, and Franchisee will have sixty (60) days after such written notice within which to correct the breach specified in the written notice; (c) notwithstanding any provisions of this Agreement to the contrary, a court of competent jurisdiction will determine whether Franchisor will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by Franchisor against Franchisee, Franchisee's owners or the personal guarantors; (d) the scope of any release executed by Franchisee as a condition of assignment of this Agreement or the Restaurant will be limited by applicable law; (e) notwithstanding any provisions of this

Agreement to the contrary, Franchisee will have up to three years after the cause of action accrues to bring an action against Franchisor pursuant to Minn. Stat. §80C.17; (f) Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring Franchisee to consent to liquidated damages, termination penalties or judgment notes; (g) notwithstanding any provision to the contrary in this Agreement, Franchisor will protect Franchisee's right to use the Marks, and will indemnify Franchisee from any loss, cost or expense arising out of a claim, suit or demand regarding Franchisee's authorized use of the Marks; and (h) nothing in this Agreement will be construed to abrogate or reduce any of the rights as provided for in Minnesota Statutes, Chapter 80C, or the rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota.

(4) **New York**. If this Agreement is governed by the laws of the State of New York, then: (a) all rights enjoyed by Franchisee and any cause of action arising in its favor from the laws of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this provision that the nonwaiver requirements of General Business Law §687.4 and §687.5 be satisfied; and (b) modifications to the Manual by Franchisor will not unreasonably increase Franchisee's obligations or place an excessive economic burden on Franchisee's operations.

(5) **Washington**. If this Agreement is governed by the laws of the State of Washington, then: (a) in the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "**Washington Act**"), will prevail; (b) the arbitration site will be either in Washington, a place mutually agreed upon at the time of the arbitration; (c) a release or waiver of rights executed by Franchisee will not include rights under the Washington Act, except when executed pursuant to a negotiated settlement after this Agreement is in effect and where the parties are represented by independent counsel; (d) any provision of this Agreement which unreasonably restricts or limits the statute of limitations period for claims under the Washington Act, rights or remedies under the Washington Act, such as a right to a jury trial, may not be enforceable; and (e) the Assignment Fee is collectable by Franchisor to the extent that it reflects Franchisor's reasonable estimated or actual costs in effecting the Assignment.

(6) **Wisconsin**. If this Agreement is governed by the laws of the State of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of this Agreement.

[Signatures to follow]

Intending to be legally bound, the parties have executed and delivered this Agreement to be effective as of the Effective Date, regardless of the dates listed below.

FRANCHISOR: **VPC PIZZA FRANCHISE, LLC**

DATED:_____ BY: _____

ATTEST:_____ TITLE: _____

FRANCHISEE: _____

DATED:_____ BY: _____

ATTEST:_____ TITLE: _____

DATED: _____ _____
Individually

DATED: _____ _____
Individually

DATED: _____ _____
Individually

DATED: _____ _____
Individually

EXHIBIT A

LOCATION ADDENDUM

The Site of the franchised Giordano's® Restaurant which relates to the foregoing Franchise Agreement, dated _____, 20____, between VPC Pizza Franchise, LLC ("**Franchisor**") and _____ ("**Franchisee**") shall be: _____.

The Territory of the Restaurant shall be:

_____ As follows: _____; or

_____ No Territory

The Delivery Area for the Restaurant shall be as follows: _____

_____

The undersigned Franchisee acknowledges that it has made a thorough investigation and analysis of the Site for its Giordano's® Restaurant and of the Territory (if any) described above, and it hereby approves the same. The License grants specific and limited exclusive rights to Franchisee to operate a Giordano's® Restaurant at the Site within the Territory described above. The rights, both exclusive and non-exclusive, attendant to the grant of the License are more fully described in Section 1 of the Franchise Agreement.

FRANCHISOR:

VPC PIZZA FRANCHISE, LLC

By: _____
Print Name: _____
Title: _____

FRANCHISEE:

_____
A(n) _____

By: _____
Print Name: _____
Title: _____

_____, individually
Print Name: _____

_____, individually
Print Name: _____

EXHIBIT B

LICENSED MARKS

Mark	Registration Date	Registration No.	Class/Use
GIORDANO'S	03/23/04	2,824,400	Restaurant Services
GIORDANO'S and Design	07/07/81	1,160,481	Restaurant Services
FAMOUS STUFFED PIZZA. FRESH ITALIAN	09/10/13	4,402,032	Restaurant Services
GIORDANO'S and Design	10/01/13	4,411,249	Restaurant Services
THE 1 & Design	02/11/14	4,480,079	Pizza
G Catering & Events	01/13/15	4,669,710	Catering Services
GIORDANO'S NORTHSIDE ITALIAN BEEF	09/29/15	4,821,052	Sandwiches
GIORDANO'S SOUTHSIDE ITALIAN BEEF	09/29/15	4,821,053	Sandwiches
ITALIAN BORN CHICAGO RAISED	01/10/17	5,118,897	Restaurant Services
GIORDANO'S ITALIAN BORN. CHICAGO RAISED.	01/10/17	5,119,426	Restaurant Services

EXHIBIT C

ADDENDUM TO THE LEASE

THIS ADDENDUM TO THE LEASE (this "**Addendum**") is dated _____, 20 ___, and is entered into by and between:

Franchisee/Lessee: _____ ("**Lessee**")

Street Address: _____

City, State: _____

and

Lessor: _____

Street Address: _____

City, State: _____

Location: _____

Lease Agreement Date: _____

Effective Date of Franchise Agreement: _____

WHEREAS, Lessee and Lessor have entered into a Lease Agreement on the date and for the location identified above (the "**Lease**"), in conjunction with the opening or continuation of a Giordano's® Restaurant under a Franchise Agreement between Lessee and VPC Pizza Franchise, LLC (the "**Franchise Agreement**"); and

WHEREAS, the Lessee has requested and the Lessor has agreed to incorporate certain provisions into the Lease as required by the terms of the Franchise Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. **USES**: Lessee shall occupy and use the premises during the term of this Lease only as a Giordano's® Restaurant.

2. **NON-COMPETITION**: During the term and any extension of the term of this Lease, Lessor will not engage in, and agrees not be permit any other Lessee, tenant or occupant to engage in the sale of products sold by Giordano's® Restaurants in any other portion of the entire structure or premises of which the demised premises are a part, or any premises owned or controlled by Lessor within a radius of five (5) miles of the demised premises.

3. **TRADE FIXTURES**: Lessee is and shall be permitted to install and use in the Leased premises any and all fixtures and equipment customary or necessary to the operation of a Giordano's® Restaurant, including, but not limited to, movable sinks and partitions, carpets, counters, shelves, and accessories and products used in connection therewith. All of such fixtures and equipment shall remain

the property of Lessee and may be removed by Lessee in accordance with the law relating to the removal of trade fixtures, no matter how the same may be installed in, attached to or affixed to the premises.

4. **SIGNS**: Lessee is hereby given the right, at Lessee's expense, to install and maintain during the term of this Lease, and any extension of the term hereof, a sign or signs advertising Lessee's business in, on or about the leased premises, as per accompanying diagram initiated by the parties hereto. Lessor agrees that the signs may at Lessee's discretion be the maximum size permitted by local code. The signs shall at all times remain the property of Lessee and may be removed by Lessee in accordance with the law relating to the removal of trade fixtures, no matter how the same may be installed on, attached to or affixed to the premises. If Lessor fails to approve Lessee's signage, Lessee may cancel this Lease and receive any monies theretofore paid to Lessor. Lessor warrants that there are no governmental regulations or restrictions which would prohibit or restrict Lessee's proposed signage.

5. **HOURS OF OPERATION**: Lessee agrees to keep such business hours as are customary to the type of business in which Lessee is engaged. Lessee shall not be required to keep its Restaurant open for business at any time prohibited by applicable law, ordinance or governmental regulations. Lessee shall be permitted to close the Restaurant for a period not to exceed ninety (90) days during any calendar year for repairing, cleaning or redecorating same, or for purposes reasonable in the operation of Lessee's business, but the same shall not relieve Lessee of its obligation to pay rent.

6. **SPACE**: Lessor agrees that during the term of this Lease or any extension hereof, it will not move or alter the demised premises without the express consent of Lessee.

7. **WARRANTY**: Lessor shall give lessee a full ___-day warranty on the premises and any leasehold improvements made by Lessor.

8. **LESSOR'S OBLIGATIONS:** Lessor, at its sole cost and expense, shall, during the term of this Lease, and any extension of the term hereof, maintain and keep in good repair the roof, floors and subfloors, outside walls, foundation, structural portions, subterranean plumbing of the demised premises, together with all common areas of the entire premises of which the demised premises are a part.

9. **CONSENT**: No consent required of Lessor hereunder will be required unreasonably withheld or delayed nor any additional consideration, premium or payment required therefor. Lessor shall act reasonably and promptly in the exercise of its rights hereunder.

10. **DOMAIN**: In the event of the exercise of the right of eminent domain or condemnation by an authority having such right, Lessee shall be entitled to claim compensation for such condemnation or taking from such authority as shall compensate Lessee for Lessee's trade fixture, equipment, leasehold interest and improvements and any and all other rights of and property of Lessor; and if but one award is made to Lessor, Lessee shall be entitled to compensation from Lessor for the aforesaid items if included in the award to Lessor. In the event of condemnation or eminent domain proceedings against any part of the entire premises of which the demised premises are a part, if any portion of the entire premises or of the demised premises taken by condemnation or eminent domain is sufficient to interfere substantially with Lessee's use of the demised premises or the conduct of Lessee's business therein, Lessee shall have the right to terminate this Lease as of the date that the authority instituting said proceedings is entitled to take possession of any part of said entire premises or of any part of the demised premises so proceeded against.

11. **DESTRUCTION OF PREMISES**: If there is any damage or destruction to any part of the entire premises or to the demised premises portion thereof so as to interfere substantially with Lessee's use of the demised premises or the conduct of Lessee's business therein, and the same is not or

cannot be repaired or rebuilt within sixty (60) days after such damage or destruction, Lessee shall have the right to terminate this Lease not later than ninety (90) days after such damage or destruction, the effective date of such termination being the date of said damage or destruction. Lessee shall be entitled to an abatement of rent while such repairs are being made, such abatement based upon the extent to which the making of such repairs shall interfere with the business carried on by Lessee in said premises.

12. **COMPLIANCE WITH LAWS**: Lessee's obligations to comply with all statutes, ordinances, laws and regulations, etc., expressly exclude any obligation to make any structural change(s) in or to the demised premises.

13. **GRACE PERIODS**: Lessee shall not be deemed in default or breach hereof or hereunder unless Lessee shall fail to pay the rent within ten (10) days after the receipt of written notice, and as to any other term, provision, condition or covenant hereof, unless Lessee shall fail to cure or reasonably commence to cure said default or breach within thirty (30) days after written notice from Lessor to Lessee specifying said default or breach.

14. **LIABILITY**: Lessor shall be responsible for any and all damage of property and injury and or death to person or persons, including but not limited to, damage to Lessee's property and property of other(s) in the possession of or under the control of Lessee, and injury and or death to Lessee, caused by any act or negligence or omission of Lessor or any agent, server and or employee or representative of Lessor, including any independent contractor engaged by Lessor, whether or not Lessor would be otherwise liable.

15. **INSURANCE**: Neither of the parties shall be liable to the other of them, or to any subrogee, for any loss arising out of damage to or destruction of said premises, including property of any other or others under the control of Lessor or Lessee, when such loss is caused by any of the perils included within and insured under any standard fire or extended coverage insurance policy which either party hereto may have in force or which a party is required to have in force under the terms of this Lease at the time of such loss or damage. This paragraph shall be binding upon the parties whether or not such damage or destruction is caused by the negligence of either Lessor or Lessee, or their agents, employees or representatives, and any and all rights of recovery on account thereof by either party and against the other, including any and all rights of subrogation of any insurance carrier or insurer on account thereof, are hereby waived and released. Each party shall use its best efforts to request that any insurance policy obtained contain a waiver of all rights of subrogation against the other party.

16. **IMPROVEMENT ALLOWANCE**: Lessor agrees that the tenant improvement allowance is _____ per square foot. Lessee recognizes that the allowance provided by Lessor will not provide for all leasehold improvements. In the event that the estimate for improvements provided by a contractor recommended by Lessor exceeds per square foot prior to deducting the allowance, this Lease may be terminated by Lessee.

17. **SUBORDINATION**: A condition of this Lease is that Lessor delivers to Lessee before commencement, from each mortgagee (including trustee of a trust deed) and ground lessor of real estate including, in whole or in part, the leased premises, a non-disturbance agreement acceptable to Lessee providing that this Lease and Lessee's right to possession of the leased premises shall not be disturbed by such mortgagee or ground lessor or any other person or party claiming under or through such mortgagee or ground lessor, provided that Lessee continues to observe and perform Lessee's obligations under this Lease and pay rent to whomsoever may be lawfully entitled to the same from time to time. A condition of Lessee's subordination of this Lease to the lien of a mortgage or ground lease of real estate including, in whole or in part, the leased premises is this including, in whole or in part, the leased premises is that Lessee receive from such mortgagee or ground lessor a non-disturbance agreement acceptable to Lessee

providing that this Lease and Lessee's right to possession of the leased premises shall not be disturbed by such mortgagee or ground lessor or any other person or party claiming under or through such mortgagee or ground lessor, provided that Lessee continues to observe and perform Lessee's obligations under this Lease and pay rent to whomsoever may be lawfully entitled to the same from time to time.

18. **ATTORNEYS' FEES**: In the event Lessee prevails in any action or proceeding brought hereunder to enforce any of the provisions of this Lease, all attorneys' fees and costs of suit, including those of legal counsel for VPC Pizza Franchise, LLC shall be paid by Lessor.

19. **DEFAULT/ASSIGNMENT**: Lessor agrees that in the event of default by Lessee under the terms and conditions of this Lease, Lessor will permit this Lease to be assumed by VPC Pizza Franchise, LLC, a Delaware limited liability company, or a subsidiary or affiliate thereof, on the same terms and conditions contained herein. Lessor agrees to give notice to VPC Pizza Franchise, LLC of any default by Lessee under the terms and conditions of this Lease and to give VPC Pizza Franchise, LLC forty-five (45) days written notice to cure such default and to permit VPC Pizza Franchise, LLC, at its sole discretion, to assume this Lease for the remainder of the term herein, and to exercise any renewal options. Lessor further agrees that in the event that Lessee's Franchise Agreement should terminate for any reason, upon receipt by Lessor of notice to that effect from VPC Pizza Franchise, LLC, Lessor will permit VPC Pizza Franchise, LLC or a subsidiary or affiliate thereof to enter the premises and to become the Lessee under the same terms and conditions contained in this Lease. The exercise of this provision shall be at the sole discretion of VPC Pizza Franchise, LLC. Lessee specifically agrees that Lessor will transfer this Lease to VPC Pizza Franchise, LLC upon VPC Pizza Franchise, LLC's notice to Lessor of its intent to assume this Lease.

20. **ASSIGNMENT/SUBLETTING**: Except as otherwise provided herein, Lessee shall not have the right to assign this Lease, or to sublet the whole or any part of the premises, without the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Lessee shall have the right to assign this Lease, or allow same to be assigned by operation of law or otherwise, or sublet the demised premises or any part thereof to a qualified Giordano's® franchisee, without the prior written approval of Lessor.

21. **ESTOPPEL**: Lessor will promptly upon request of VPC Pizza Franchise, LLC deliver to Lessee, VPC Pizza Franchise, LLC, or such other party as Lessee or VPC Pizza Franchise, LLC may designate, a certification (i) that this Lease is in full force and effect without modification or amendment, (ii) that Lessee is not in default under the terms of this Lease and (iii) such other information and certifications as may by reasonably requested (or, to the extent that Lessor cannot so certify, identifying with particularly the reasons why a certification as to a particular matter cannot be given).

22. **LIEN WAIVER**: Lessor shall have no lien upon the assets of Lessee. Lessor waives any statutory "landlord's lien" on the assets of Lessee. Upon request, Lessor will execute and deliver to Lessee or to VPC Pizza Franchise, LLC a waiver of lien waiver or other acknowledgment that Lessor has no lien on the assets of Lessee.

23. **REPORT OF SALES**: Lessor is authorized to provide and disclose to VPC Pizza Franchise, LLC, upon its request, sales and other information furnished to the Lessor by Lessee.

24. **GOVERNMENTAL RESTRICTIONS**: Lessor warrants that there are no governmental regulations or restrictions, including zoning regulations, which would prohibit or impair Lessee's proposed use of the demised premises, and agrees that in the event that such restriction is subsequently discovered, Lessor will use its best efforts to assist Lessee to obtain any necessary variances or waivers. Lessor further agrees that if such variances or waivers are not obtained within thirty (30) days

of the commencement of the term of this Lease, Lessee may cancel and receive any monies theretofore paid to Lessor.

25. **COMPLETION**: If Lessor fails to deliver the leased premises in substantially complete conditions on or before _____, 20___, Lessee may terminate this Lease and receive from Lessor any monies paid by Lessee to Lessor or otherwise in improving the leased premises.

26. **RENEWAL OPTIONS**: Lessee shall have three (3) five (5) year options to renew this Lease at then-current market rates. In the event the parties are unable to agree on the market rate, each party shall, within ten (10) days of the date on which they are unable to agree, select an arbitrator and these two (2) arbitrators shall, within ten (10) days, select a third arbitrator. The arbitrators shall render their decision within thirty (30) days of the appointment of the third arbitrator. The decision of the arbitrators shall be binding on the parties. The notice of exercise of the option shall be given by Lessee to Lessor not less than ninety (90) nor more than one hundred eighty (180) days from the last day of the term or renewed term.

27. **PARKING**: Lessor agrees to take any and all actions necessary to provided Lessee and Lessee's employees, invitees and customers with uninterrupted access to the premises including but not limited to temporary or more extended parking in the front of the Restaurant or about the premises.

28. **NOTICES**: Copies of all notices to be sent to or served upon Lessee shall be also served or mailed to VPC Pizza Franchise, LLC, 444 N. Michigan Ave., Suite 1110, Chicago, Illinois 60611.

29. **PARTIES**: This Lease shall benefit and be binding upon Lessor and Lessee and their respective heirs, legal representatives, successors and assigns.

30. **CONFLICT**: If there is any conflict between a provision of the Lease and a provision of this Addendum, then the applicable provision of this Addendum will supersede the conflicting provision in the Lease.

31. **ACKNOWLEDGMENTS**: The Lessor hereby acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement under which the Lessee plans to operate the Restaurant, and the Lessee would not lease the Restaurant premises without this Addendum. The Lessor further acknowledges that the Lessee is not an agent or employee of VPC Pizza Franchise, LLC and the Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind VPC Pizza Franchise, LLC or any affiliate of VPC Pizza Franchise, LLC, and that the Lessor has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against VPC Pizza Franchise, LLC or any affiliate of VPC Pizza Franchise, LLC, unless and until the Lease is assumed and accepted in writing by, VPC Pizza Franchise, LLC or a designee of VPC Pizza Franchise, LLC.

32. **THIRD PARTY BENEFICIARY**: VPC Pizza Franchise, LLC is an express third party beneficiary of this Addendum and the Lease and may, directly or indirectly, enforce any right of VPC Pizza Franchise, LLC or Lessee hereunder.

33. **MODIFICATIONS**: The provisions of the Lease and/or this Addendum will not be modified, amended, extended, assigned or terminated without the prior written consent of VPC Pizza Franchise, LLC.

This Agreement is executed between the parties in Chicago, Illinois and shall be effective on the date first set forth above.

LESSOR:	**LESSEE:**
_____	_____
By:_____	By:_____
Its:_____	Its:_____

EXHIBIT D

OPTION FOR ASSIGNMENT OF LEASE

THIS AGREEMENT is by and between:

VPC PIZZA FRANCHISE, LLC ("**Optionee**")

Street Address: 444 N. Michigan Ave., Suite 1110

City, State: Chicago, Illinois 60611

Franchisee/Lessee: _____ ("**Franchisee**")

Street Address: _____

City, State: _____

and

Lessor: _____

Street Address: _____

City, State: _____

Location: _____

Lease Agreement Date: _____

Effective Date of Franchise Agreement: _____

WHEREAS, Franchisee has entered into or intends to enter into a Lease Agreement, as Lessee, with Lessor for the location identified above in conjunction with the opening or continuation of a Giordano's® Restaurant under a Franchise Agreement between Franchisee and Optionee (the "**Franchise Agreement**"); and

WHEREAS, Optionee and Franchisee agree and intend that Franchisee, as Lessee, shall use the location solely and exclusively for the operation of a franchised Giordano's® Restaurant and that, in connection therewith, Lessee is agreeable to grant an option to Optionee on the terms and conditions set forth below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. Franchisee, as Lessee, does hereby grant to Optionee an option to acquire Lessee's interest in and to the Lease Agreement and the location leased thereunder (the "**Option**").

2. Optionee shall have the right to exercise the Option, at its sole discretion, in the event of any of the following:

A. A default under the Lease Agreement caused by the failure of Franchisee to make monthly rental payments on the location to Lessor when due;

B. A default under the Lease Agreement caused by the failure of Franchisee to comply with the terms and conditions of said Lease Agreement for said location;

C. A default under the Franchise Agreement caused by the failure of Franchisee to comply with the terms and conditions of the Franchise Agreement; including but not limited to, failure to make payments for royalties, license fees, advertising fees and state and federal taxes due and owing; or

D. Termination of the Franchise Agreement by the Optionee.

With respect to (A) and (B) above, this Option shall be exercised, if at all, within thirty (30) days after receipt by Optionee of notice of such default by Lessor.

3. Optionee and Franchisee hereby agree that Optionee shall have the independent right to exercise the option at any time by written notice to Franchisee and Lessor. Upon receipt of such notice by Franchisee and Lessor, Optionee shall have the right to possession of the location and shall thereupon and thereafter be deemed to be the Lessee under the Lease.

4. Exercise of the option shall effectuate the grant, assignment and transfer to Optionee by Franchisee of all rights, title and interest of Franchisee in and to the Lease Agreement, and the location leased thereunder and all leasehold improvements.

5. Lessor and Franchisee agree that an exercise of the option by Optionee shall not make Optionee liable for unpaid rent or any other obligations of Franchisee to Lessor in connection with the Lease Agreement arising prior to the exercise of the Option. In the event of the exercise of the Option, Franchisee shall remain solely liable and Lessor shall look solely to Franchisee for any unpaid rents or obligations existing prior to the time of exercise of the Option by Optionee. The Option is applicable to any extensions, renewals or other options of Franchisee with respect to the Lease Agreement.

6. Notices to be sent or served upon any of the parties hereto shall be delivered to a party at the address set forth next to such party's name above, by personal delivery or by postage prepaid certified or registered United States mail.

7. This Agreement shall be binding upon the respective heirs, executors, successor, assigns and legal representatives of the parties hereto.

8. This Agreement shall be interpreted and governed under the laws of the State of Illinois.

9. Failure of Optionee to enforce any of the provisions of this Agreement shall not constitute a waiver of rights or a waiver of any subsequent enforcement of the provisions of this Agreement.

10. If any provision of this Agreement or any part thereof is declared invalid by any court of competent jurisdiction, such remainder of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or parts of provisions thereof.

This Agreement is executed between the parties in Chicago, Illinois and shall be effective on and after the _____ day of _____, 20____.

OPTIONEE:

VPC PIZZA FRANCHISE, LLC

By:_____

Its:_____

FRANCHISEE:

_____

By:_____

Its:_____

LESSOR:

_____

By:_____

Its:_____

EXHIBIT E

OWNERSHIP OF FRANCHISEE

This form must be completed by Franchisee ("**I**," "**me**," or "**my**") if I have multiple owners or if I, or my franchised business, is owned by an entity (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to me.

1. **Form of Owner**. I am a (check one):

(a)	General Partnership	☐
(b)	Corporation	☐
(c)	Limited Partnership	☐
(d)	Limited Liability Company	☐
(e)	Other	☐
	Specify: _____	

I was formed under the laws of _____.
(state)

2. **Business Entity**. I was incorporated or formed on _____, 20___, under the laws of the State of _____. I have not conducted business under any name other than my corporate, limited liability company or partnership name and the name _____. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person	**Position(s) Held**
_____	_____
_____	_____
_____	_____
_____	_____

3. **Owners**. The following list includes the full name and mailing address of each person who is one of my owners and fully describes the nature of each owner's interest (attach additional sheets if necessary).

Owner's Name and Address	Description of Interest	% of Ownership

4. **Management**. As required pursuant to Section 5(A) of the Franchise Agreement, the following Owner shall exert full-time efforts to the fulfillment of the obligations of Franchisee under the Franchise Agreement as the General Manager, and shall have supervisory responsibilities in connection with the operation of Franchisee's Restaurant business pursuant thereto:

Name: _____

5. **Governing Documents**. I agree to provide copies of any and all documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.) to Franchisor upon request.

This Owners' Statement is current and complete as of _____, 20__.

OWNERS

INDIVIDUALS:

_____
Signature

_____
Print Name

_____
Signature

_____
Print Name

_____
Signature

_____
Print Name

_____
Signature

_____
Print Name

_____
Signature

_____
Print Name

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

_____

By: _____

Title: _____

EXHIBIT F

OWNERS' AND GUARANTORS' UNDERTAKING

THIS UNDERTAKING is made and entered into this _____ day of _____, 20__, by the undersigned (collectively, "**GUARANTOR**") for and in consideration of VPC Pizza Franchise, LLC, a Delaware limited liability company ("**FRANCHISOR**") agreeing to enter into a Franchise Agreement, dated _____ , 20___ (the "**Franchise Agreement**") with _____ ("**FRANCHISEE**") for the grant of a Giordano's® Restaurant License.

GUARANTOR acknowledges and agrees that FRANCHISOR entered into the Franchise Agreement with FRANCHISEE solely on the condition that GUARANTOR be personally obligated and jointly and severally liable with FRANCHISEE and all other GUARANTORS for the performance of each and every obligation of FRANCHISEE and FRANCHISEE'S Owners under the Franchise Agreement, any amendments or modifications to the Franchise Agreement, as assignments and all ancillary agreements that have been or hereafter may be entered into by FRANCHISEE and FRANCHISOR (all such agreements are collectively referred to as the "**Franchising Agreements**").

In consideration of and as an inducement to the execution of the Franchise Agreement by FRANCHISOR, GUARANTOR hereby personally and unconditionally: (1) represents, warrants and guarantees to FRANCHISOR and its successors and assigns, that FRANCHISEE shall punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Franchising Agreements; and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement, and each and every provision of the Franchising Agreements, as if GUARANTOR were FRANCHISEE thereunder.

GUARANTOR waives: (1) acceptance and notice of acceptance by FRANCHISOR or its affiliates of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he or she may have to require that an action be brought against FRANCHISEE or any other person as a condition of liability; and (5) all rights to payments and claims for reimbursement or subrogation which GUARANTOR may have against FRANCHISEE arising as a result of GUARANTOR'S execution of and performance under this Undertaking; and (6) any and all other notices and legal or equitable to which he or she may be entitled.

GUARANTOR hereby consents and agrees that: (1) GUARANTOR'S direct and immediate liability under this Undertaking shall be joint and several with FRANCHISEE and any other GUARANTORS of the obligations under the Franchising Agreements; (2) GUARANTOR shall render any payment or performance required under the Franchise Agreement or any other Franchising Agreement upon demand if FRANCHISEE shall fail or refuse punctually to do so; (3) GUARANTOR'S liability shall not be contingent or conditioned upon pursuit by FRANCHISOR or its affiliates of any remedies against FRANCHISEE or any other person; (4) this Undertaking shall continue in full force and effect with respect to any extension of or modification or amendment to the Franchise Agreement or any Franchising Agreement, notwithstanding the transfer of any interest in the Franchise Agreement by the undersigned, and GUARANTOR waives notice of any and all such extensions, modifications, amendments or transfers; (5) GUARANTOR'S breach of any provision of this Undertaking shall also constitute a breach of the Franchise Agreement and, as applicable, the Franchising Agreements, and (6) GUARANTOR'S liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which FRANCHISOR or its affiliates may from time to time grant to FRANCHISEE or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, or the taking of any action by FRANCHISOR which may have the effect of revoking the obligations of any GUARANTOR, none of which shall in any way modify or amend this Undertaking, which shall be continuing and irrevocable during the term of the Franchise Agreement and so long as any performance is or may be owed under any of the Franchising Agreements by FRANCHISEE or its Owners and so long as FRANCHISOR may have any cause of action against FRANCHISEE or its Owners.

If FRANCHISOR or GUARANTOR is required to enforce this Undertaking in a judicial or other proceeding, the party prevailing in the proceeding shall be reimbursed by the other party for its costs and expenses including, without limitation, accountants', attorneys', attorneys assistants', arbitrators' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether

incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If FRANCHISOR is required to engage legal counsel in connection with any failure by GUARANTOR to comply with this Undertaking, GUARANTOR shall reimburse FRANCHISOR for any of the above-listed costs and expenses incurred by it.

GUARANTOR agrees that it shall and FRANCHISOR may institute any action arising out of or relating to this Undertaking in any state or federal court of general jurisdiction in Cook County, Illinois. GUARANTOR irrevocably submits to the jurisdiction of such courts and waives any objection it may have to either the jurisdiction or venue of such court.

This Undertaking will be governed by the laws of the state in which the Giordano's® Restaurant is located. The provisions of this Undertaking which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this Undertaking will be enforceable as originally made and entered into upon the execution of this Undertaking by GUARANTOR.

For purposes of this Undertaking: (1) "**Owner**" shall mean any person, partnership, corporation or other entity holding any interest in the Franchise; (2) the term "**GUARANTOR**" is applicable to one or more persons, a corporation or a partnership, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed its signature, under seal, on the same day and year as the Agreement was executed.

PERCENTAGE OF OWNERSHIP	GUARANTOR(S)
_____%	_____
	Print Name: _____
_____%	_____
	Print Name: _____
_____%	_____
	Print Name: _____
_____%	_____
100%	Print Name: _____

ADDENDUM TO
VPC PIZZA FRANCHISE, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this "**Addendum**") is made, entered into and effective this _____ day of _____, 20____ by and between VPC Pizza Franchise, LLC ("**Franchisor**") and _____ ("**Franchisee**") to amend and revise certain provisions of the Franchise Agreement between Franchisor and Franchisee, dated the same date as this Addendum, as follows:

Article 3(A) of the Franchise Agreement is hereby deleted in its entirety and replaced with the following provision:

> **Initial Franchise Fee**. In consideration of the foregoing grant of the License, Franchisee shall pay to Franchisor an Initial Franchise Fee in the amount of Forty Thousand Dollars ($40,000) for a Giordano's® Limited-Service or Full-Service Restaurant. A Restaurant at a Site which seats up to twenty (20) customers or is between nine hundred (900) and eighteen hundred (1,800) square feet in area is a limited-service restaurant (a "**Limited-Service Restaurant**"). A Restaurant at a Site which seats more than twenty (20) customers or is between thirty-five hundred (3,500) and forty-five hundred (4,500) square feet in area is a full-service restaurant (a "**Full-Service Restaurant**").
>
> The License granted by Franchisor to Franchisee by this Agreement is for a (check one):
>
> ____ Limited-Service Restaurant
>
> ____ Full-Service Restaurant
>
> The Initial Franchise Fee shall be paid to Franchisor in full, by cashier's or certified check (or other form of payment reasonably acceptable to Franchisor) on the date Franchisee commences business at the Restaurant. The Initial Franchise Fee shall be deemed fully earned by Franchisor when paid by Franchisee. The Initial Franchise Fee shall not be refunded, in whole or in part, unless otherwise provided herein. References in this Agreement to the "Giordano's® Restaurant" or the "Restaurant" include Franchisee's Limited-Service Restaurant or Full-Service Restaurant, whichever is applicable.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it will be effective as of the date first above written.

VPC PIZZA FRANCHISE, LLC

_____
Name of Franchisee

By_____ By_____

Its_____ Its_____

EXHIBIT B

VPC PIZZA FRANCHISE, LLC

AREA DEVELOPMENT AGREEMENT

VPC PIZZA FRANCHISE, LLC

AREA DEVELOPMENT AGREEMENT

Area Developer

_____
Legal Name

_____
Street

_____
City, State, Zip Code

_____
Telephone Number/Facsimile Number

_____
Email Address

_____, 20___
Date of Area Development Agreement

VPC PIZZA FRANCHISE, LLC

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VPC PIZZA FRANCHISE, LLC
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT is made and entered into on ____ day of _____, 20___ (the **Effective Date**") by and between VPC PIZZA FRANCHISE, LLC, ("**Franchisor**") whose principal business address is 444 N. Michigan Ave., Suite 1110, Chicago, Illinois 60611, and _____, ("**Area Developer**") whose address is _____.

INTRODUCTION

Franchisor has developed a distinctive business system for operating and franchising restaurants that specialize in the preparation and sale of stuffed and thin-crust pizza and other products under the name "Giordano's®."

Franchisor is the owner of, or licensed to use and sublicense, certain trade secrets and confidential and proprietary information including, but not limited to:

1. The trade name, trademark and service mark "Giordano's®" (collectively, the "**Marks**"), and

2. Proprietary and secret recipes and formulae for the preparation of stuffed and thin-crust pizza and other Approved Products; secret spice ingredients for the preparation of pizza dough and pizza sauces for stuffed and thin-crust pizza and other Approved Products; know-how, trade secrets, formats, designs, systems, methods, specifications, standards, procedures, a unique and readily recognizable commercial symbol, a unique method and style of interior design, layout, signage and decoration, and a unique and secret method of operating Restaurants serving stuffed and thin-crust pizza and other Approved Products and providing Approved Services, all of which are designed to maintain a uniform high quality of product, service and image, all of which may be improved, further developed or otherwise modified from time to time by Franchisor (all of which are referred to herein as the "**System**").

Area Developer desires to enter into Franchise Agreements with Franchisor to develop, own and operate franchised Giordano's® Restaurants (the "**Giordano's® Restaurants**" or the "**Restaurants**") in the area set forth in Section 1 in conformity with the System and Franchisor's uniformity requirements and quality standards established and promulgated from time to time by Franchisor and to personally devote its full time and best efforts in the development and operation of the Restaurants.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and in further consideration of the mutual covenants and promises contained herein, Franchisor and Area Developer agree as follows:

1. GRANT OF DEVELOPMENT RIGHTS; DEVELOPMENT AREA

A. Development Area. Subject to the terms, conditions and limitations elsewhere in this Agreement, Franchisor hereby grants to Area Developer, for the term of this Agreement, the right to enter into Franchise Agreements with Franchisor for the development and operation of

Giordano's® Restaurants to be located within the "**Development Area**" defined as the geographical area described and delineated as follows: _____

_____

_____.

The Development Area may be further described in a map attached hereto and signed by both Area Developer and Franchisor. This Agreement will not constitute the sale of a Franchise to Area Developer, but rather will give Area Developer the right to enter into Franchise Agreements with Franchisor to own and operate franchised Giordano's® Restaurants in the Development Area.

B. **Exclusivity**. The rights and privileges granted to Area Developer in this Agreement are expressly limited to the Development Area and are expressly subject to the terms and conditions of this Agreement. During the term of this Agreement, and provided Area Developer is in full compliance with this Agreement, Franchisor will not grant to any other person or entity a Franchise to open or operate a Giordano's® Restaurant utilizing the System or the Marks within the Development Area, and will not establish another franchised or company- or affiliate-owned Giordano's® Restaurant within the Development Area. Notwithstanding anything to contrary herein, Franchisor retains the right to conduct sales at special events such as, but not limited to, fairs or food-fests which may be located within the Development Area, in accordance with the terms of the applicable Franchise Agreement and subject to any applicable right of first refusal, and further excepting that Franchisor retains the right to conduct marketing tests in the Development Area. In addition, Franchisor retains the sole and exclusive right to market its stuffed and thin crust pizza and other products through grocery outlets, the Internet, airports, shopping centers, food courts, stadiums, military installations, public carriers, and any other channels of distribution (including, but not limited to, airplanes, trains, and cruise lines), which may originate in or service the Development Area. Additionally, and not by way of limitation, Franchisor retains the exclusive right to ship its stuffed and thin crust pizza and other Approved Products, whether such orders for shipment are received by telephone, facsimile transmission, Internet communication or otherwise, and without regard to the origination of the order or destination of the shipped product.

C. **Exceptions**. Other than as expressly provided above, it is expressly understood and agreed by and between Franchisor and Area Developer that (1) Area Developer does not have any "exclusive," "protected" or "reserved" territorial or similar rights; (2) Franchisor (on behalf of itself and its affiliates) retains all rights with respect to Giordano's® Restaurants, the Marks and the sale of products and services, anywhere in the world including, without limitation: (a) the right to operate or grant others the right to operate Giordano's® Restaurants at such locations anywhere outside the Development Area regardless of its proximity to Area Developer's Restaurants, and on such terms and conditions as Franchisor, in its sole discretion, deems appropriate; (b) the right to develop, manufacture, distribute, rent and/or sell products, whether competitive or not and whether identified by the Marks or otherwise, through any channel of distribution within or outside the Development Area, and/or grant others such right; (c) the right to develop, market, distribute, rent and/or sell any other product or service or own or operate any other business under the Marks or any other trademark; and (d) the right to own, operate, manage, franchise and/or license other restaurant concepts anywhere in the world if Franchisor or an affiliate derives its ownership or other interest in such restaurants as a part of an acquisition or purchase of the ownership or assets of another entity.

D. **Use of Marks**. Area Developer will have the right to use the Marks only in the Development Area and only in connection with the development of Giordano's® Restaurants pursuant to this Agreement. Area Developer will only use the Marks designated by Franchisor in writing and only in the manner authorized and permitted by Franchisor. Area Developer will not have the right to use any of the Marks or other intellectual property of Franchisor on any social network, social media or online community on the Internet or any other online, digital or electronic medium including, but not limited to, any "blog," YouTube, Facebook, MySpace, Wikipedia, professional networks like Linked-In, live-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools (as such programs, platforms, and sites now exist and may exist in the future, "**Social Media**"), except with the prior written permission of Franchisor. Area Developer will comply with all of Franchisor's policies, standards and procedures for use of any Social Media that in any way references the Marks or involves the Restaurants in the Development Area.

E. **Conditions**. Area Developer hereby undertakes the obligation to open and operate franchised Giordano's® Restaurants using the System in the Development Area in strict compliance with the terms and conditions of this Agreement for the entire term of this Agreement. The rights and privileges granted to Area Developer by Franchisor under this Agreement are applicable only in the Development Area, are personal in nature, and may not be used elsewhere or in any other area by Area Developer.

F. **Personal License**. Area Developer will not have the right to franchise, subfranchise, license or sublicense its rights under this Agreement. Area Developer will not have the right to assign this Agreement or its rights under this Agreement, except as specifically provided for in this Agreement.

2. TERM

This Agreement will be in effect for a term ending _____ (____) years after the Effective Date set forth on Page 1 of this Agreement, or on the date Area Developer has completed development of the cumulative number of Giordano's® Restaurants required under the Development Schedule set forth in Section 4(A), whichever is earlier. This Agreement will not be enforceable until it has been signed by both Area Developer and Franchisor. At the end of the term of this Agreement, Area Developer's exclusive development rights with respect to the Development Area will automatically terminate, and Area Developer will not have the right to renew or extend the term of this Agreement.

3. FEES PAYABLE TO FRANCHISOR

A. **Development Fee**. On the date this Agreement is executed by Area Developer, Area Developer will pay Franchisor a Development Fee in an amount equal to Twenty Thousand Dollars ($20,0000 multiplied by the total number of Giordano's® Restaurants that Area Developer is required to open and operate in the Development Area pursuant to the Development Schedule set forth in Section 4(A) of this Agreement; $_____ (the "**Development Fee**"). The Development Fee will be nonrefundable and will be fully earned by Franchisor when the Development Fee is paid by Area Developer. The Development Fee is payment to Franchisor for granting Area Developer the rights, as set forth in this Agreement, to develop Giordano's® Restaurants in the Development Area.

B. **Initial Fees**. In addition to the Development Fee, Area Developer will, on the day Area Developer signs each Franchise Agreement pursuant to the terms of this Agreement, pay Franchisor a nonrefundable Initial Franchise Fee for each Restaurant that Area Developer is required to open and operate in the Development Area pursuant to the Development Schedule set forth in Section 4(A) of this Agreement. The amount of the Initial Franchise Fee payable by Area Developer for each Restaurant will be the Initial Franchise Fee as required in each then-current standard Franchise Agreement executed in accordance with the Development Schedule, less Twenty Thousand Dollars ($20,0000.

C. **Payment of Initial Fees**. Area Developer will pay Franchisor the Initial Franchise Fee set forth in Section 3(B) of this Agreement on the date Area Developer executes the Franchise Agreement for each Restaurant required to be opened and operated in the Development Area pursuant to this Agreement. Area Developer must execute a Franchise Agreement for its first Restaurant and pay the first Initial Franchise Fee on the date Area Developer executes this Agreement. Area Developer will not purchase or lease the property for the proposed site for the Giordano's® Restaurant location until Area Developer has signed a Franchise Agreement with Franchisor and complied with the applicable provisions of the Franchise Agreement relating to the selection of the site for the Giordano's® Restaurant location.

D. **Continuing License Fee**. During the term of each Franchise Agreement signed by Area Developer pursuant to this Agreement, Area Developer will pay Franchisor Continuing License Fees, as defined in, and required by, the Franchise Agreement. Area Developer will pay Franchisor the Continuing License Fees for the Giordano's® Restaurants at the rate and in the amounts set forth in the first Franchise Agreement signed by Area Developer and Franchisor pursuant to this Agreement, even if the Continuing License Fees then charged to developers or franchisees by Franchisor at the time Area Developer signs a subsequent Franchise Agreement is different. For each of its Giordano's® Restaurants, Area Developer will pay the Continuing License Fee on the day specified in, and in accordance with the other terms and conditions of, the Franchise Agreement for that Restaurant.

E. **Advertising Fee; Other Fees**. During the term of each Franchise Agreement signed by Area Developer pursuant to this Agreement, Area Developer will pay Franchisor Advertising Fees as defined in the Franchise Agreement. Area Developer will pay Franchisor the Advertising Fees for the Giordano's® Restaurants at the rate set forth in each then-current standard Franchise Agreement executed in accordance with the Development Schedule in Section 4(A) and as required by Section 5(B). For each of its Giordano's® Restaurants, Area Developer will pay the Advertising Fees on the day specified in, and in accordance with the other terms and conditions of, the Franchise Agreement for that Restaurant. Except as set forth in this Section 3, Area Developer will pay the fees, payments and other monetary obligations payable to Franchisor and others at the rates, in the amounts and in the manner specified in the then-current standard Franchise Agreement executed by Franchisor and Area Developer for each Restaurant in the Development Area.

4. DEVELOPMENT SCHEDULE

A. Development Schedule. Area Developer acknowledges and agrees that the following Development Schedule is a material provision of this Agreement:

Limited-Service Restaurants

Restaurant Number	Date by Which Franchise Agreement Must be Signed	Date by Which Restaurant Site Must be Identified and Letter of Intent for Lease Signed	Date by Which Lease for Restaurant Must be Signed	Date by Which Giordano's® Restaurant Must be Opened and Continuously Operating in Development Area	Cumulative Number of Giordano's® Restaurants Required to be Open and Continuously Operating in Development Area as of Date in Preceding Column

Full-Service Restaurants

Restaurant Number	Date by Which Franchise Agreement Must be Signed	Date by Which Restaurant Site Must be Identified and Letter of Intent for Lease Signed	Date by Which Lease for Restaurant Must be Signed	Date by Which Giordano's® Restaurant Must be Opened and Continuously Operating in Development Area	Cumulative Number of Giordano's® Restaurants Required to be Open and Continuously Operating in Development Area as of Date in Preceding Column

For purposes of determining compliance with the Development Schedule set forth in this Section, only Area Developer's Restaurants actually open and continuously operating in the Development Area as of a given date will be counted toward the number of Giordano's® Restaurants required to be open and continuously operating. Notwithstanding any provision in the Franchise Agreement to the contrary, Area Developer will be required to open the Giordano's® Restaurants developed by Area Developer under this Agreement according to the development dates set forth above in the Development Schedule, and the Franchise Agreement for each of Area Developer's Restaurants will be deemed to be amended accordingly.

B. Reasonableness of Development Schedule. Area Developer represents that it has conducted its own independent investigation and analysis of the prospects for the

establishment of Giordano's® Restaurants within the Development Area, and approves of the Development Schedule as being reasonable and viable.

C. **Extension of Development Schedule**. Area Developer's failure to comply with the Development Schedule will constitute a material breach of this Agreement by Area Developer. Area Developer, however, will have the right to one 60-day extension of each deadline set forth in the Development Schedule upon written notice to Franchisor and the payment of a nonrefundable Extension Fee in the amount of Ten Thousand Dollars ($10,000) before the expiration of the deadline stating that Area Developer will not be able to meet the deadline due to construction delays or similar circumstances beyond the reasonable control of Area Developer. Franchisor will have the right to investigate the circumstances of the extension request and to decline Area Developer's request for the extension of the applicable Development Schedule deadline or to grant an extension of less than sixty (60) days if the circumstances described in the written notice do not, in Franchisor's determination, merit an extension of the deadline or require an additional sixty (60) days to meet the deadline.

D. **Failure to Comply with Development Schedule**. If Area Developer at any time during the term of this Agreement is not in compliance with the Development Schedule (i.e., does not have the required number of Giordano's® Restaurants open and operating in the Development Area as of the dates specified in Section 4(A) and has not given Franchisor written notice of an extension in accordance with the preceding provision), then Franchisor will have the right to terminate this Agreement immediately upon written notice to Area Developer. Termination of this Agreement as a result of Area Developer's failure to meet the Development Schedule will not affect the individual Franchise Agreements for the Giordano's® Restaurants opened and operated in the Development Area pursuant to this Agreement which were signed by the parties prior to termination of this Agreement; however, upon termination of this Agreement, all rights to open and operate additional Giordano's® Restaurants in the Development Area and all other rights granted to Area Developer under this Agreement will immediately revert to Franchisor, without affecting those obligations of Area Developer that continue beyond the termination of this Agreement.

E. **Termination for Failure to Comply with Development Schedule**. If this Agreement is terminated by Franchisor because of Area Developer's failure to meet any element of the Development Schedule, the rights and duties of Franchisor and Area Developer will be as follows: (1) Area Developer will have no rights to open additional Giordano's® Restaurants within the Development Area; (2) Area Developer will continue to pay all required fees and to operate its Restaurants opened in the Development Area pursuant to the terms of the applicable Franchise Agreements signed by Area Developer prior to the date of the termination of this Agreement, and will in all other respects continue to comply with such Franchise Agreements; (3) Franchisor will have the absolute right to develop Giordano's® Restaurants in the Development Area or to contract with other persons for the development of additional Restaurants in the Development Area; (4) Area Developer will have no right to obtain a refund of any monies it paid to Franchisor pursuant to this Agreement or the Franchise Agreements; and (5) Area Developer and Franchisor will not have any rights or obligations with respect to the Franchise Agreements required to be signed pursuant to the Development Schedule in Section 4(A), but which were not executed prior to the termination of this Agreement by Franchisor because of Area Developer's failure to comply with the Development Schedule.

5. OTHER OBLIGATIONS OF AREA DEVELOPER

A. Compliance with Applicable Laws. Area Developer will, at its expense, comply with all applicable federal, state, city, local and municipal laws, ordinances, rules and regulations pertaining to the operation of Area Developer's Restaurants in the Development Area. Area Developer will, at its expense, be absolutely and exclusively responsible for determining the licenses and permits required by law for Area Developer's Restaurants, for qualifying for, and obtaining and maintaining, all such licenses and permits, and for compliance with all applicable laws by its employees, agents and independent contractors.

B. Execution of Franchise Agreements. Subject to the provisions set forth in Sections 3(B) and 3(D) of this Agreement, for each Giordano's® Restaurant that will be opened, owned and operated by Area Developer in the Development Area pursuant to this Agreement, Area Developer or an entity in which (1) Area Developer is the owner of at least 50.1% of the ownership interests in the entity or (2) Area Developer's owners are the owners of at least 50.1% of the ownership interests in the entity (the "**Controlled Entity**") must execute Franchisor's then-current standard Franchise Agreement and comply with the other requirements of this Agreement. The failure of Area Developer or the Controlled Entity to provide Franchisor with an executed Franchise Agreement within the time specified in Sections 3(C) and 4(A) will constitute a material breach of this Agreement, and Franchisor will have the right to terminate this Agreement as provided for herein. If the Franchise Agreement required to be executed pursuant to this Section (and the other provisions of this Agreement) will be executed by the Controlled Entity, then: (a) Area Developer (or Area Developer's owners) will, at all times during the term of the Franchise Agreement, be required to maintain at least a 50.1% ownership interest in the Controlled Entity and (b) Area Developer will not be relieved from complying with the terms, conditions and obligations under this Agreement including, without limitation, the obligations contained in Sections 3(B), 3(C), 3(D), 3(E), 4(A), 5(A), 5(C), 8(B), 10(B) and 10(D) of this Agreement. Contemporaneous with the execution of the second (2nd) and subsequent Franchise Agreements signed by the parties in compliance with the Development Schedule, Area Developer and if applicable, the Controlled Entity, will execute a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its current and former affiliates and their respective past and present owners officers, directors, agents and employees, in their corporate and individual capacities, arising from, in connection with, or as a result of prior or concurrent written agreements, including this Agreement and the prior Franchise Agreement(s) executed in compliance with the Development Schedule.

C. Local Advertising; Other Payments. During the term of each Franchise Agreement signed by Area Developer pursuant to this Agreement, Area Developer will be required to spend monies for items such as grand opening advertising and promotion, approved local advertising, and other related expenses. Area Developer will pay all such required promotional and advertising expenses at the rates established in, and in accordance with the terms and conditions of, the applicable Franchise Agreements for each of Area Developer's Restaurants in the Development Area.

D. Modifications to Franchise Agreement. Area Developer acknowledges in connection with executing Franchisor's then-current standard Franchise Agreement for each Giordano's® Restaurant that will be opened, owned and operated pursuant to this Agreement:

(1) the terms, conditions and economics of the Franchise Agreement may be modified from time to time by Franchisor, (2) reasonable modifications and amendments to the Franchise Agreement will not alter Area Developer's obligations under this Agreement, (3) any changes or modifications made to the Franchise Agreement in the future will not be applicable to any Franchise Agreement previously executed by Area Developer, (4) any Franchise Agreement signed by Area Developer pursuant to this Agreement will require Area Developer to pay the Initial Fee set forth in Section 3(B) and the Continuing License Fee set forth in Section 3(D), regardless of whether these fees have increased in the future, and (5) Area Developer will be required to pay any additional fees contained in any Franchise Agreement signed by Area Developer after the date of this Agreement.

E. **Area Developer's Name**. Area Developer will not use any of the Marks, any derivative of the Marks, or the word "Giordano's®" or any derivative or confusingly similar word or phrase in the name of any entity formed by Area Developer or any affiliate of Area Developer. Area Developer will at all times hold itself out to the public as an independent contractor operating its Restaurants pursuant to Franchise Agreements with Franchisor. Area Developer will file for a certificate of assume name in the manner required by applicable state law to notify the public that Area Developer is operating its Restaurants as an independent contractor.

F. **Interests of Operating Company**. Area Developer's operating company will be dedicated solely to the development and operation of Area Developer's Restaurants in the Development Area and will not hold any interest in, operate, or manage any other business of any kind without the prior written approval of Franchisor.

G. **Franchise Manager**. When Area Developer signs this Agreement, Area Developer will designate an individual Franchise Manager as described below and designated in **Exhibit A** of this Agreement and approved by Franchisor. Such person is obligated to devote his or her full time, best efforts and constant personal attention to the development and operation of the Restaurants.

(1) If Area Developer is a sole proprietorship, then the proprietor must engage actively and personally in the management and supervision of Area Developer's Restaurants and its operations and act as the Franchise Manager for the Restaurants.

(2) If Area Developer is a partnership, then partners owning at least a majority interest in the capital and profits of the partnership must engage actively and personally in the management of Area Developer's Restaurants. Area Developer must designate one partner as the Franchise Manager for the Restaurants.

(3) If Area Developer is an entity, then it must designate as the Franchise Manager, a person who owns at least ten percent (10%) of the ownership of the entity who is a senior officer of the entity. The designated Franchise Manager will sign this Agreement as an owner of Area Developer and the Owners' and Guarantors' Undertaking attached as an exhibit to this Agreement.

The Franchise Manager must attend the training required by Franchisor before Area Developer commences business, be approved in writing in advance by Franchisor and must manage and

supervise the operations of Area Developer's Restaurants and assure compliance by Area Developer and its personnel with this Agreement. Area Developer must procure Franchisor's approval of any replacement Franchise Manager. Franchisor, subject to the terms of this Agreement, will not unreasonably withhold such approval.

H. Certified Trainer. If Area Developer is required under the Development Schedule to open more than five (5) Restaurants in the Development Area, then after Area Developer (or a Controlled Entity) has opened the fifth (5th) Giordano's® Restaurant in the Development Area, Area Developer will send one person to Chicago, Illinois, or another location designated by Franchisor, to attend and successfully complete the training program required to become a "**Certified Trainer**." There will be no fee charged to Area Developer for one person to attend the training program to become a Certified Trainer. However, Area Developer will pay Franchisor the then-current per-diem training fee for all additional persons who attend the Certified Trainer training program on Area Developer's behalf. Area Developer will pay the salaries and benefits, travel and living expenses and all other expenses for all persons who attend the Certified Trainer training program on behalf of Area Developer.

I. Opening of Giordano's® Restaurants. Area Developer will be required to open its Giordano's® Restaurants in the Development Area in accordance with the provisions of the Franchise Agreement for each Restaurant. If Area Developer has a Certified Trainer, then the Certified Trainer will be authorized to assist with (1) providing the on-the job portion of the training program at Area Developer's "**Certified Training Restaurant**" to the management staff of each new Restaurant in the Development Area; (2) training new members of the management staff hired after the opening of each Restaurant in the Development Area; (3) providing additional training, as determined by Franchisor, to the management staff and employees specified by Franchisor; and (4) providing opening assistance as a member of the opening team for the sixth and each subsequent Giordano's® Restaurant developed by Area Developer under this Agreement; however, the Certified Trainer will be required to follow Franchisor's training and opening guidelines, which may be amended by Franchisor from time to time. For the sixth and each subsequent Giordano's® Restaurant opened by Area Developer pursuant to this Agreement, Franchisor will, at no additional cost to Area Developer, provide up to two opening team members, as determined by Franchisor, to be at the Restaurants for a maximum of four days to assist with the opening of each new Giordano's® Restaurant. If it is determined by Franchisor, in its sole discretion, that any opening team member provided by Franchisor needs to remain at the Restaurant for more than four days, then Area Developer will pay Franchisor its then-current per-diem training fee and the additional travel and living expenses for each additional day of opening assistance provided by Franchisor's opening team member(s) within 10 days after receipt of an invoice from Franchisor indicating the amount owed. Area Developer will not open and commence initial operations for any Giordano's® Restaurant developed by Area Developer in the Development Area until Franchisor has given Area Developer written approval to open the Restaurant.

J. Financial Statements. Area Developer shall, without any notice or demand by Franchisor, deliver to Franchisor: (a) financial statements for each fiscal year within one hundred twenty (120) days after Area Developer's fiscal year end; and (b) a copy of Area Developer's state and federal tax returns for each year at such time as such tax returns are filed. All of Area Developer's financial statements shall be prepared in accordance with generally accepted

accounting principles consistently applied and will conform to the accounting year and standard chart of accounts prescribed by Franchisor in the Manual or otherwise in writing. Franchisor reserves the right to require that any or all financial statements be prepared and audited or reviewed by an independent certified public accountant designated or approved by Franchisor.

6. ASSIGNMENT

A. Assignment by Area Developer; Conditions. This Agreement is a personal one being entered into by Franchisor in reliance upon and in consideration of the personal skills, qualifications and representations of, and the trust and confidence reposed in Area Developer and, where applicable, its partners, officers, directors, owners and managers. Accordingly, except as otherwise provided herein, Area Developer shall have no right to assign, sell, transfer, or encumber, by operation of law or otherwise (hereinafter referred to as "**assignment**" or, in the predicate, as "**assign**") (i) all or part of its interest in this Agreement, including the right of Area Developer to develop Giordano's® Restaurants in the Development Area, or (ii) any ownership interest in Area Developer (the "**Major Assets**") without obtaining the prior written consent of Franchisor, which consent shall not be unreasonably withheld, and in conformance with the first refusal procedures described in Section 6(E) below. It shall not be unreasonable for Franchisor to impose certain conditions precedent to or as a condition of its consent to an assignment by Area Developer including, but not limited to, the following:

(1) That Area Developer has developed and opened for operation at least fifty percent (50%) of the total number of Restaurants required under the Development Schedule;

(2) That the purchaser, transferee or assignee (hereinafter referred to as "**assignee**") in the sole judgment of Franchisor meets Franchisor's standards then applied to evaluate prospective Area Developers, including but not limited to, good moral character and reputation, competence, financial ability and satisfaction of credit requirements;

(3) That all outstanding debts of Area Developer owed to Franchisor and all others and all other obligations incurred pursuant to this Agreement are fully satisfied and shall be assumed by the assignee and its owners, in a manner satisfactory to Franchisor;

(4) That prior to the assignment, Area Developer executes a general release of Franchisor of all claims in a form approved by Franchisor;

(5) That the assignee and its owners, if any, execute the then-current form of Area Development Agreement in compliance with all waiting periods under applicable federal and state franchise registration and disclosure laws or rules and agree to be bound by all provisions of the Area Development Agreement, including, but not limited to, any restrictive covenants contained therein;

(6) That Area Developer pays to Franchisor in cash or certified check or cashier's check a transfer fee in an amount equal to Franchisor's costs and expenses associated with the assignment (the "**Transfer Fee**");

(7) That the assignee and/or its personnel successfully completes, to Franchisor's satisfaction, the next available initial training program. The cost of the training program as well as transportation, lodging and meals shall be paid by the assignee;

(8) That Area Developer has cured all defaults and non-compliance under this Agreement and any other Agreement between Area Developer and Franchisor or any of their affiliates;

(9) That the assignee obtains, in the proper name, all necessary, effective and valid insurance policies and business license(s) prior to the closing of any proposed assignment.

Franchisor may expand upon, and provide more details related to, the conditions for assignment and Franchisor's consent as described in this Section 6(A), and may do so in the Operations Manual or otherwise in writing.

B. **Transfer Costs**. The Transfer Fee will include all costs attendant to such assignment, including without limitation, credit investigation, legal fees, and related expenses, including an allocation of Franchisor's internal costs and, if applicable, the costs of training the assignee and/or its Franchise Manager (the "**Transfer Costs**"). Area Developer shall pay Franchisor a deposit of Two Thousand Five Hundred Dollars ($2,500) upon submitting its formal written request to assign, which will be credited toward the Transfer Fee. If no assignment occurs, Franchisor will return the deposit to Area Developer, less Franchisor's Transfer Costs associated with the request for assignment.

C. **Consent to Assignment by Franchisor**. At least sixty (60) days prior to the closing of any proposed assignment, Area Developer must deliver by registered mail to Franchisor written notice of all the terms and conditions of the proposed assignment and the financial statements of the proposed assignee for the preceding three (3) years or such other financial and other information as Franchisor may require including, if Franchisor so requests, a copy of the unconditional, non-contingent contract for such sale or assignment. Franchisor shall not under any circumstance be deemed to have ratified or approved any representation or warranty therein or other provision thereof, and Franchisor shall have no liability to Area Developer or any successor to any part or all of Area Developer's interest hereunder due to any defects or inaccuracies in such contract. Notwithstanding the foregoing, Franchisor may require full and accurate disclosure by Area Developer to the proposed assignee of all obligations in connection with or related to the Franchise. Area Developer must thereafter deliver to Franchisor by registered mail, within seven (7) days after Franchisor's request, any additional information Franchisor requests. Within thirty (30) days after receipt of the notice of proposed assignment and the financial statements described above, Franchisor shall either approve or disapprove the assignment or notify Area Developer that Franchisor will exercise their right of first refusal described in Section 6(E) below. If Franchisor fails to notify Area Developer within thirty (30) days, Franchisor shall be deemed to have consented to the assignment. Consent to an assignment shall not constitute consent to an assignment to the same assignee upon any other terms or conditions or to any subsequent assignment to another assignee.

D. **Deemed Assignments**. In addition to the assignments described above, the following shall be deemed to be assignments of this Agreement which will require Franchisor's prior written consent and the payment of the appropriate Transfer Fees:

(1) If Area Developer is a corporation:

(a) any merger, consolidation, recapitalization or similar reorganization involving the corporation or its shareholders;

(b) any sale or transfer of voting stock or debt instruments convertible into voting stock;

(c) the sale, lease or other transfer of all or substantially all the assets of such corporation; or

(d) the dissolution of such corporation.

(2) If Area Developer is a partnership or limited liability company:

(a) any sale or transfer of any general partner's, manager's or member's interest (including a transfer or series of transfers of shares of voting stock of a corporate partner, manager or member);

(b) any sale or transfer of voting partnership or membership interests or debt instruments convertible into voting partnership or membership interests;

(c) any sale, lease or other transfer of all or substantially all the partnership or limited liability company's assets; or

(d) the dissolution of the partnership or limited liability company.

E. Franchisor's Right of First Refusal. If Area Developer desires to make any assignment which requires Franchisor's consent hereunder, Area Developer must give Franchisor not less than sixty (60) days prior written notice of such proposed assignment. Said notice must specify the name and address of the proposed purchaser or assignee and must set forth the price, terms, conditions and date and place of the closing of the proposed assignment. Franchisor shall have the option, exercisable within thirty (30) days after receipt of such notice, to purchase the interest being assigned for the same price and upon the same terms and conditions as set forth in the notice. During that period of thirty (30) days, Franchisor shall have the right to inspect all of Area Developer's books and records relating to the franchise operation, specifically including all financial records and statements for the three (3) full fiscal years preceding the date on which the thirty (30) day right of first refusal commences, and, if Area Developer is a corporation, all corporate minute books and transfer records. If Franchisor waives or does not exercise its right of first refusal, then Area Developer may complete the proposed assignment provided Franchisor first consents thereto in writing as required by and under the terms and conditions stated in Section 6(A) above. In the event the proposed assignment is not completed, or the terms and conditions of the proposed assignment are altered, Franchisor shall have a new right of first refusal for thirty (30) days with regard to an assignment.

F. Assignment on Death. If Area Developer or, as applicable, Area Developer's majority equity owner(s) or general partner(s) die(s), the surviving spouse, heirs or estate of the deceased Area Developer, owner or partner, as the case may be, shall be allowed to participate in the ownership of Area Developer's business during the one hundred eighty (180) days after such death. During the one hundred eighty (180) day period, all standards and obligations under this

Agreement must be maintained. Prior to the end of the one hundred eighty (180) day period, the participant must either (1) apply to Franchisor for the right to continue to operate the business for the remainder of the term of this Agreement, which right shall be granted upon the participant's fulfillment of all the then-current qualifications for Giordano's® Restaurant area developers; or (2) assign this Agreement to an assignee who satisfies Franchisor's then-current standards for area developers in accordance with this Section 6.

G. Area Developer's Continued Liability. If any assignment is permitted and effected hereunder pursuant to this Section 6, then the assigning Area Developer, partner or owner, as the case may be, shall be and remain liable to Franchisor for payment of all monies due to Franchisor, liability for which accrued prior to the effective date of the assignment. The assigning Area Developer, partner or owner shall also continue to be bound by the restrictive covenants and provisions set forth in Sections 8, 9 and 10 of this Agreement, except that the restrictive period provided for in Section 9 shall commence on the effective date of the assignment.

H. Assignment by Franchisor. Franchisor shall have the right to assign this Agreement without the consent or approval of Area Developer. This Agreement shall inure to the benefit of Franchisor, its successors and assigns.

I. Agreement of Assignee. Any assignee of all or part of Area Developer's or a partner's or owner's interest in this Agreement shall be deemed to have expressly agreed to and assumed all of the obligations of Area Developer under this Agreement, specifically including all restrictions on assignment provided for in this Section 6, and any reference in this Agreement to "Area Developer" shall be deemed to include any such assignees.

7. TERMINATION RIGHTS OF FRANCHISOR

A. Termination Without Notice or Opportunity to Cure. Franchisor shall have the right to terminate this Agreement effectively immediately without notice or opportunity to cure if any of the following events occur:

(1) Area Developer fails to comply with the Development Schedule set forth in Section 4(A);

(2) Area Developer (or a Controlled Entity) voluntarily or otherwise abandons any of the Restaurants;

(3) Area Developer is declared bankrupt or judicially determined to be insolvent, or all or a substantial part of the assets of Area Developer are assigned to or for the benefit of any creditor, or Area Developer admits an inability to pay Area Developer's debts as they come due;

(4) Franchisor and Area Developer agree in writing to terminate this Agreement;

(5) Area Developer engages in conduct that reflects materially and unfavorably upon the reputation of Franchisor, any of the Restaurants or the System;

(6) After curing any breaches described in Section 7(B) of this Agreement, Area Developer engages in the same non-compliance, regardless of whether such non-compliance is corrected after notice;

(7) Area Developer repeatedly fails to comply with one or more requirements of this Agreement, regardless of whether corrected after notice;

(8) Any of the Restaurants or any other assets (including books and records) used by Area Developer (or a Controlled Entity) in connection with the operation of the Restaurants or Area Developer's business are seized by a government official in the exercise of such official's duties (other than condemnation) or seized by a creditor, lienholder or lessor;

(9) A final judgment against Area Developer remains unsatisfied for thirty (30) days, unless a supersedeas or other appeal bond has been filed, or a levy or execution is made upon the license granted by this Agreement or upon any property used in any of Area Developer's business and is not discharged within five (5) days after such levy or execution;

(10) Area Developer, any partner or owner of Area Developer is convicted of (a) a felony or (b) other criminal misconduct that substantially impairs the goodwill associated with the Marks;

(11) Franchisor reasonably determines that the continued operation of the Restaurants will substantially impair the goodwill associated with the Marks or Giordano's®;

(12) Area Developer sells, assigns or transfers all or any part of its interest in this Agreement or, if Area Developer is an entity, an owner sells, assigns or transfers all or part of his or her ownership interest, or, if Area Developer is a partnership, a partner sells, assigns or transfers all or any part of his or her interest in the partnership, without first complying with the terms of Section 6 of this Agreement; or

(13) Any Franchise Agreement between Area Developer (or a Controlled Entity) and Franchisor is terminated by either party for any reason.

B. **Termination After Notice and Opportunity to Cure**. Franchisor shall have the right to terminate this Agreement after notice and an opportunity to cure as follows:

(1) If Area Developer fails to pay when due any monies owed to Franchisor or any affiliate of Franchisor, or any supplier or other creditor, then written notice of such failure will be personally delivered or sent, postage prepaid by certified or registered mail to Area Developer, and this Agreement shall terminate upon the expiration of a period of five (5) days without any further notice, except as may be required by law, if Area Developer fails to pay the monies owed by the expiration of such five (5) day period;

(2) If Area Developer fails to comply with any federal, state or local law or regulation applicable to the operation of any of the Restaurants, then written notice of such non-compliance will be personally delivered or sent, postage prepaid by certified or registered mail to Area Developer, and this Agreement shall terminate upon the expiration of a period of ten (10) days

without any further notice, except as may be required by law, if Area Developer fails to cure such non-compliance by the expiration of such ten (10) day period; or

(3) If Area Developer breaches this Agreement, other than those described in Sections 7(A), 7(B)(1) and 7(B)(2) above, or if Area Developer (or a Controlled Entity) breaches any other agreement between Area Developer or its affiliates, on the one hand, and Franchisor or its affiliates, on the other hand, then written notice of such breach will be personally delivered or sent, postage prepaid by certified or registered mail to Area Developer, and this Agreement shall terminate upon the expiration of a period of thirty (30) days without any further notice, except as may be required by law, if Area Developer fails to cure such breach by the expiration of such thirty (30) day period.

C. Termination After Notice. This Agreement will automatically terminate on delivery of notice of termination to Area Developer if any part of this Agreement relating to the payment of fees to Franchisor, to non-competition during the term of this Agreement or to the preservation of any of the Marks is for any reason declared invalid or unenforceable, and if as a result, Franchisor believes in its sole opinion that the continuation of this Agreement would not be in the best interests of the Giordano's® System.

D. Cumulative Remedies. The rights and remedies specifically granted to either Area Developer or Franchisor by this Agreement will not be deemed to prohibit either Franchisor or Area Developer from exercising any other right or remedy provided under this Agreement or permitted by law or equity. If this Agreement is terminated by Franchisor pursuant to this Section 7, or if Area Developer breaches or violates this Agreement by a wrongful termination or a termination that is not in strict compliance with the terms and conditions of this Agreement, then Franchisor will be entitled to seek recover of all damages that Franchisor has sustained and will sustain in the future as a result of Area Developer's breach of this Agreement. Notwithstanding anything to the contrary in this Agreement, the only remedy available to Franchisor if Area Developer fails to meet the Development Schedule will be to terminate this Agreement in accordance with Section 4 of this Agreement. The foregoing will not limit Franchisor's rights under any Franchise Agreements between Franchisor and Area Developer.

8. OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. Obligations upon Termination; Reversion of Rights. Upon termination of this Agreement for any reason, all rights to open and operate additional Giordano's® Restaurants in the Development Area and all other rights granted to Area Developer pursuant to this Agreement will automatically revert to Franchisor, and Franchisor will have the right to develop the Development Area or to contract with another area developer for the future development of the Development Area. In addition, Area Developer will comply with all other applicable provisions of this Agreement, including those provisions with obligations that continue beyond the termination of this Agreement.

B. Franchise Agreements Not Affected. Area Developer will continue to operate the Giordano's® Restaurants owned by Area Developer in the Development Area pursuant to the terms of the applicable Franchise Agreements signed by Area Developer and Franchisor prior to the termination of this Agreement, and the rights and obligations of Area Developer and

Franchisor with respect to Area Developer's Restaurants in the Development Area will be governed by the terms of the applicable Franchise Agreements.

C. Continuation of Obligations. The indemnities and covenants contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

9. AREA DEVELOPER'S COVENANTS NOT TO COMPETE

A. In-Term Non-Competition Agreement. Area Developer agrees that during the term of this Agreement neither Area Developer nor any shareholder, partner, owner, officer, director or other principal of Area Developer, nor any member of Area Developer's immediate family or of the immediate family of any shareholder, partner, officer, director or the principal of Area Developer, shall, directly or indirectly through a corporation, partnership, trust, association, joint venture, or any other type of business or entity, perform any services for, engage in, acquire or have any direct or indirect financial or other interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative or agent in any franchisor of or in any Similar Business (as hereinafter defined), except for other businesses franchised from Franchisor or its affiliates. "**Similar Business**" means (a) any business which prepares or sells pizza, pasta, flatbread or other similar products regardless of where or how prepared or sold including, without limiting the generality of the foregoing, preparation for sale or sale at wholesale or retail, in grocery stores, in restaurants, or for carry-out or delivery, or (b) any business where ten percent (10%) or more of the revenue from food or products is revenue from the sale of Italian food or products, whether at a single location or in the aggregate from two (2) or more locations. Area Developer and the owners of Area Developer and their immediate family if Area Developer is a partnership, corporation or other entity, may collectively own not more than three percent (3%) of the stock of a company engaged in a Similar Business, the stock of which is publicly traded at the time of such ownership. "**Immediate family**," for the purposes of this Agreement, will include a spouse, children and parents.

B. Post-Term Non-Competition Agreement Area Developer agrees that for a period of two (2) years following the termination or expiration of this Agreement, or the date Area Developer ceases to conduct its activities hereunder, whichever is later, neither Area Developer nor any shareholder, partner, owner, officer, director or other principal of Area Developer, nor any member of Area Developer's immediate family or of the immediate family of any shareholder, partner, owner, officer, director or other principal of Area Developer shall directly or indirectly through a corporation, partnership, trust, association, joint venture, or any other type of business or entity perform any services for, engage in, acquire or have any direct or indirect financial or other interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative or agent in any franchisor of or in any Similar Business, except for other businesses franchised from Franchisor or its affiliates, which Similar Business is situated within fifteen (15) miles from (a) any of Area Developer's Restaurants then-existing or in development; (b) all territories reserved to future Giordano's® area developers by area development or reservation agreements between such area developer or area developers and Franchisor or another person or entity authorized to license Giordano's® Restaurants (which territories Franchisor shall disclose to Area Developer upon request

following the termination of this Agreement); (c) any office of Franchisor; and (d) any manufacturing, assembly, preparation, or distribution facility of Franchisor, or an affiliate of Franchisor established as an Approved Supplier of Approved Products, Approved Ingredients, or Approved Supplies, all without regard to whether such radius extends beyond the border of the state in which Area Developer's Restaurants were located or beyond the border of the United States of America. If the time period within which Area Developer may not compete with Franchisor shall be too long to be enforceable, or if the area within which Area Developer may not compete with Franchisor shall be too broad to be enforceable, then the time, area, or both, as applicable, shall be reduced to such time, such area, or both as shall be legally enforceable. Area Developer and/or the owners of Area Developer acknowledge that they have previously worked in or have been gainfully employed in other fields and that the restrictive provisions hereof will in no way prevent them from earning a living.

C. Remedies. Developer acknowledges that a breach of the covenants contained in this Section 9 will threaten immediate and irreparable injury to Franchisor. Accordingly, Area Developer agrees that Franchisor shall have the right, as more fully described in Section 11(N) of this Agreement, to obtain immediate injunctive relief without limiting any other rights or remedies of Franchisor.

D. Effect on Other Agreements. The covenants not to compete set forth in this Section 9 will apply and be enforced independently of any covenant not to compete set forth in any other agreements between Franchisor and Area Developer (or a Controlled Entity) and/or the owners.

10. INDEPENDENT CONTRACTORS; INDEMNIFICATION

A. Independent Contractors; No Fiduciary Relationship. Both Franchisor and Area Developer understand and agree that this Agreement does not create a fiduciary relationship between Franchisor and Area Developer, that Area Developer and Franchisor are independent contractors, and that nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose whatsoever. Area Developer agrees to conspicuously identify itself in all its dealings with customers, suppliers, public officials, Restaurant personnel, and others as a developer and operator of Giordano's® Restaurants pursuant to an Area Development Agreement with Franchisor, and agrees to place any other notices of independent ownership on its forms, business cards, stationery, advertising, and other material as Franchisor may require from time to time.

B. Operation of Restaurants. Area Developer will be totally and solely responsible for the development and daily management and operation of its Giordano's® Restaurants in the Development Area, and will control, supervise and manage all the employees, agents and independent contractors who work for or with Area Developer, including the right to hire and fire its employees. Area Developer will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations including, but not limited to, all discrimination laws, sexual harassment laws and laws relating to the disabled. Franchisor will not have any right, obligation or

responsibility to hire, control, supervise, manage or fire Area Developer's employees, agents or independent contractors, and will no way be involved in the day-to-day operations of Area Developer's Restaurants.

C. Employment Decisions. Area Developer shall be solely responsible for all employment decisions and functions of the Restaurants in the Development Area including, without limitation, those related to hiring, firing, training, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, scheduling, supervision, and discipline of employees, regardless of whether Area Developer receives advice from Franchisor on these subjects. Area Developer acknowledges and agrees that all personnel decisions shall be made by Area Developer, without any influence or advice from Franchisor, and such decisions and actions shall not be, nor be deemed to be, a decision or action of Franchisor. Neither Area Developer nor any employee of Area Developer will be considered an employee of Franchisor under any circumstances. To the extent that any legal authority determines that Franchisor has a duty to act or not act with respect to any of Area Developer's employees, Franchisor hereby assigns to Area Developer any such duty, and Area Developer hereby accepts such assignment.

D. Indemnification. Franchisor will not assume any liability or be deemed liable for any agreements, representations, or warranties Area Developer makes that are not expressly authorized under this Agreement, nor will Franchisor be obligated for any claims or damages to any person, entity or property which arise directly or indirectly out of or are based upon or related to this Agreement, the activities conducted under this Agreement or in connection with Area Developer's Restaurants and business, or Area Developer's or Area Developer's employees' actions or inaction, whether caused by Area Developer's or its employee's negligent or willful action or failure to act or otherwise. Franchisor will have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied against Area Developer or Area Developer's assets or on Franchisor in connection with the Giordano's® Restaurant businesses Area Developer conducts, or any payments Area Developer makes to Franchisor pursuant to this Agreement or any Franchise Agreement (except for Franchisor's own income taxes). Area Developer agrees to indemnify, defend (by counsel selected by Franchisor) and hold harmless Franchisor and the shareholders, owners, directors, officers, employees, agents and assignees of Franchisor against and from, and to reimburse any or all of them for, all such claims, obligations, damages, and taxes for which any or all of them is held liable and for all costs any or all of them reasonably incurs in the defense of any such claim brought against them or in any such action in which any or all of them is named as a party, including without limitation, actual and consequential damages, attorneys', accountants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. Franchisor, VPC Pizza IP, LLC and/or their affiliates have the right to defend any such claim against it. Area Developer further agrees to hold Franchisor harmless from and to indemnify and defend (by counsel selected by Franchisor) Franchisor against all cost, expense or loss Franchisor incurs in enforcing the provisions of this Agreement, in exercising Franchisor's rights under this Agreement, in defending Franchisor's actions taken relating to this Agreement, or resulting from Area Developer's breach of this Agreement, including, without limitation, arbitrators' and attorneys' fees (including those for appeal) unless, after legal proceedings are completed, Area Developer is found to have fulfilled and complied with all the terms of this Agreement. Area Developer's indemnification obligations described above will

continue in full force and effect after, and notwithstanding, the expiration or termination of this Agreement.

11. MISCELLANEOUS

A. Invalid Provisions; Substitution of Valid Provisions. If any provision of this Agreement relating to the payment of fees to Franchisor, to the preservation of any of the Marks, or to non-competition during the term of this Agreement is declared invalid or unenforceable, and if, as a result, Franchisor believes in its sole opinion that the continuation of this Agreement would not be in the best interests of the System, Franchisor has the right to terminate this Agreement on written notice to Area Developer. To the extent that any restrictive covenant contained in this Agreement is deemed unenforceable because of its scope in terms of area, business activity prohibited, or length of time, Area Developer agrees that the invalid provision will be deemed modified or limited to the extent or manner necessary to make that particular provision valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that provision under the laws applied in the forum in which Franchisor is seeking to enforce it.

If any lawful requirement or court order of any jurisdiction (1) requires a greater advance notice of the termination of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement, or (2) makes any provision of this Agreement or any specification, action or operating procedure prescribed by Franchisor invalid or unenforceable, the advance notice and/or other action required or revision of the specification action or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provision enforceable to the greatest extent possible. Area Developer agrees to be bound by the modification to the greatest extent lawfully permitted.

B. Unilateral Waiver of Obligations. Either Franchisor or Area Developer may, by written notice, unilaterally waive or reduce any obligation or restriction of the other party under this Agreement. The waiver or reduction may be revoked at any time for any reason on ten (10) days written notice.

C. Written Consents from Franchisor. Whenever this Agreement requires Franchisor's advance approval or consent, Area Developer agrees to make timely written request for it. Franchisor's approval or consent will not be valid unless it is in writing.

D. No Guarantees. If in connection with this Agreement, Franchisor provides to Area Developer any waiver, approval, consent or suggestion, or if Franchisor neglects or delays its response or denies any request for any of those, Franchisor will not be deemed to have made any warranties or guarantees which Area Developer may rely on, and will not assume any liability or obligation to Area Developer.

E. No Waiver. If at any time or from time to time Franchisor does not exercise a right or power available to it under this Agreement or does not insist on Area Developer's strict compliance with the terms of this Agreement, Franchisor will not be deemed to have waived its right to demand exact compliance with any of the terms of this Agreement at a later time, and Franchisor's waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between Franchisor and any other area developers will not

affect Franchisor's rights with respect to any later breach, and Area Developer waives any claim that any such act or failure to act by Franchisor constitutes a custom or practice or deviation from or variance with the terms of this Agreement. It will also not be deemed to be a waiver of any breach of this Agreement for Franchisor to accept payments which are due to it under this Agreement.

F. Cumulative Remedies. The rights and remedies specifically granted to either Area Developer or Franchisor by this Agreement will not be deemed to prohibit either Franchisor or Area Developer from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

G. Binding Effect. This Agreement is binding on and will inure to the benefit of Franchisor's successor and assigns and will be binding on and inure to the benefit of Area Developer's successor and permitted assigns, and if Area Developer is an individual, on and to Area Developer's heirs, executors and administrators.

H. Entire Agreement. This Agreement supersedes and terminates all prior agreements, either oral or in writing, between the parties involving the development of the Restaurants and therefore, representations, inducements, promises or agreements alleged by either Franchisor or Area Developer that are not contained in this Agreement will not be enforceable. This Agreement, together with the recitals and exhibits to it, constitutes the entire agreement between Franchisor and Area Developer relating to the development of the Restaurants, and there are no other oral or written understandings or agreements between Franchisor and Area Developer concerning the subject matter of this Agreement; **provided, however**, **that nothing in this or any related agreement shall disclaim or require Area Developer to waive reliance on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Area Developer or its representative, subject to any agreed-upon changes to the contract terms and conditions described in that Franchise Disclosure Document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement)**. This Agreement will not supersede any written agreements or contracts that are signed by the parties concurrently with this Agreement. In addition, any Area Development Agreement between the parties, as well as any other Franchise Agreement(s), will remain in full force and effect in accordance with the terms and conditions thereof, and will not be superseded by this Agreement. This Agreement may be modified only by written agreement signed by both Franchisor and Area Developer.

I. No Liability to Others; No Other Beneficiaries. Franchisor will not, because of this Agreement or by virtue of any approvals, advice or services provided to Area Developer, be liable to any person or legal entity who is not a party to this Agreement, and no other party shall have any rights because of this Agreement.

J. Construction. All headings of the various sections and paragraphs of this Agreement are for convenience only and do not affect the meaning or construction of any provision. All reference in this Agreement masculine, neuter or singular or plural usage will be construed to include the masculine, feminine, neuter or singular or plural, wherever applicable. Except where this Agreement expressly obligates Franchisor to reasonably approve or not

unreasonably withhold its approval of any of Area Developer's actions or requests, Franchisor has the absolute right to refuse any request by Area Developer or to withhold its approval of any action or omission by Area Developer. The term "**affiliate**" as used in this Agreement is applicable to any company directly or indirectly owned or controlled by Franchisor or under common control with Franchisor that owns or operates Giordano's® Restaurants, that sells products, equipment or any other materials used in connection with the operation of a Giordano's® Restaurant or that otherwise transacts business with Area Developer.

K. **Joint and Several Liability**. If two (2) or more persons are Area Developer under this Agreement, their obligation and liability to Franchisor shall be joint and several.

L. **Multiple Originals**. This Agreement may be executed using multiple copies, each of which will be deemed an original.

M. **Timing is Important**. Time is of the essence with respect to each and every provision of this Agreement in which time is a factor; provided, however, neither Franchisor nor Area Developer shall be liable for loss or damage due to delay in the performance of its obligations resulting from transportation shortages, inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof, compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, municipal government or any department or agency thereof, acts of God, acts or omissions of the other party, fires, strikes, embargoes, wars, riots, or any other similar event or cause beyond a party's control. Any delay resulting from any of these causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

N. **Specific Performance, Injunctive Relief**. Provided Franchisor gives Area Developer any notice which may be required by law, Franchisor will be entitled, without being required to post a bond, to the entry of temporary and permanent injunctions and orders of specific performance in any court of competent jurisdiction (1) to enforce the provisions of this Agreement relating to Area Developer's use of the Marks and Area Developer's non-competition obligations under this Agreement, (2) to enforce the provisions in Section 6 of this Agreement related to assignment, and prevent Area Developer's assignment of this Agreement without Franchisor's prior written consent, (3) to prohibit any act or omission by Area Developer or its employees that constitutes illegal activity, a violation of any applicable law, ordinance or regulation, constitutes a danger to the public, or may impair the goodwill associated with the Marks or Giordano's® Restaurants, or (4) to prevent any other irreparable harm to Franchisor's interests, the Marks or the System. If Franchisor obtains an injunction or order of specific performance, Area Developer agrees to pay Franchisor an amount equal to the total of Franchisor's costs of obtaining it, including without limitation, attorneys', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses and travel and living expenses, and any damages Franchisor incurs as a result of the breach of any such provision. Area Developer further agrees to waive any claims for damage in the event there is a later determination that an injunction or specific performance order was issued improperly. Nothing in this Agreement shall limit or restrict Franchisor's rights under this Section 11(N).

O. **Independent Provisions**. The provisions of this Agreement are deemed to be severable. The parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.

P. **Costs and Legal Fees**. If Franchisor or Area Developer is required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in the proceeding shall be reimbursed by the other party for its costs and expenses, including, without limitation, accountants', attorneys', attorneys assistants', arbitrators' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by Area Developer to comply with this Agreement, Area Developer shall reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

Q. **Consent to Jurisdiction**. Except as limited by Section 11(U) below, Area Developer agrees that it shall and Franchisor may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in Cook County, Illinois. Area Developer and each partner, shareholder, or other owner of Area Developer irrevocably submits to the jurisdiction of such courts and waives any objection it may have to either the jurisdiction or venue of such court. Area Developer acknowledges and agrees that this Section shall survive the termination or expiration of this Agreement.

R. **Waiver of Punitive Damages; Class Action Proceedings and Jury Trial**. Area Developer hereby waives to the fullest extent permitted by law, any right to or claim for punitive or exemplary damages against Franchisor and agrees that in the event of a dispute between them, Area Developer shall be limited to the recovery of actual damages sustained by it. Franchisor and Area Developer agree that any dispute and any arbitration will be conducted and resolved on an individual basis only and not a consolidated, class-wide, multiple plaintiff or similar basis. Any such proceeding will not be consolidated with any other proceeding involving any other person, except for disputes involving affiliates of the parties to such dispute or arbitration. Franchisor and Area Developer hereby irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, brought by either of them against the other whether or not there are other parties in such action or proceeding.

S. **Limitations of Claims**. Except with regard to Area Developer's obligations to make payments to Franchisor pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or the relationship of Area Developer and Franchisor pursuant hereto shall be barred unless an action or proceeding is commenced within one (1) year after the first day on which Area Developer or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to such claims. If written notice of the claim is not given by Area Developer or Franchisor within one (1) year after the first day on which Area Developer or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to such claim, then the claim will be deemed to be condoned, approved and waived by Area Developer or Franchisor. Upon written request from Franchisor, Area Developer will furnish to Franchisor written confirmation, in a form acceptable to Franchisor, that as of the date of the request, Area Developer does not have any claims against Franchisor arising out of or relating to this Agreement or its relationship with Franchisor.

T. **Mandatory Meeting of Executives**. The parties agree that that before resorting to arbitration, as required under Section 11(U), or any other legal proceeding, they will first attempt in good faith to resolve any dispute, claim, or controversy arising out of or relating to this Agreement or any alleged breach hereof by arranging a meeting between Franchisor and Area Developer. The party invoking a meeting under this Section 11(T) must notify the other party in writing, which notice must name at least one (1) owner, officer or director with decision-making authority who will be present at the meeting. The party receiving the notice must reply within seven (7) days of receiving the notice, and must also identify at least one (1) owner, officer or director with decision-making authority who will be present at the meeting. No more than two (2) individuals from each party shall attend the meeting and, unless otherwise agreed, counsel for either party shall not be present. The meeting will be held at Franchisor's then-current headquarters and must take place within thirty (30) days following the date either party first gives notice hereunder. Neither party shall commence arbitration pursuant to Section 11(U) until thirty (30) days after the meeting of executives takes place, during which time the parties will attempt in good faith to resolve the dispute. If no resolution is reached, either party may commence arbitration pursuant to Section 11(U) on the thirtieth day following the meeting. The entire meeting shall be confidential and the conduct, statements, promises, offers, views, and opinions of the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the meeting. Notwithstanding the foregoing, this Section 11(T) shall not apply to Franchisor's right to seek temporary and permanent injunctions and orders of specific performance pursuant to Section 11(N) or any claim arising out of Area Developer's failure to pay any monies owed to Franchisor or any affiliate of Franchisor.

U. **Arbitration**. Except as provided otherwise in this Agreement, all controversies, disputes or claims between Franchisor, its affiliates, and their respective owners, officers, directors, agents, employees and attorneys, and Area Developer (its affiliates and owners and guarantors, if applicable), arising out of or related to the following categories will be submitted for Arbitration:

(1) This Agreement or any other agreement between the parties, or any provision of such Agreements;

(2) Franchisor's relationship with Area Developer, or the obligations by and between the parties; or

(3) The validity of this Agreement or any other agreement between Franchisor and Area Developer or any provision of such agreements.

V. **Arbitration Procedures**. The claim will be submitted before one arbitrator to the Chicago, Illinois office of the American Arbitration Association on demand of either party. Such Arbitration proceedings will be conducted in Cook County, Illinois and, except as otherwise provided in this Agreement, will be heard in accordance with the then-current rules of the American Arbitration Association including, but not limited to, its Commercial Arbitration Rules and Optional Appellate Arbitration Rules. Upon election by Franchisor, the Arbitration proceedings will be conducted in accordance with the American Arbitration Association's

Expedited Procedures regardless of the amount of any claim or counterclaim. All matters relating to Arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §1, et seq.) and not by any state arbitration law, and by the provisions of this Agreement.

(1) Arbitration will be conducted on an individual basis only, not as a consolidated or class-action proceeding, and Franchisor and Franchisee waive any and all rights to proceed on a consolidated or class basis. Further, an Arbitration proceeding between Franchisor and Area Developer (its affiliates and owners and guarantors) may not be consolidated with any other Arbitration proceeding between them and any other Area Developer, person or entity.

(2) The parties agree that the Arbitrator must have a minimum of ten (10) years of experience practicing in the area of franchise and distribution law, and must have served as an arbitrator in at least five (5) arbitrations involving disputes between franchisors and franchisees.

(3) Except as limited by this Agreement, the Arbitrator will have the right to award or include in the award any relief which the Arbitrator deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the Arbitrator will not have the right to declare any mark generic or otherwise invalid or to award exemplary or punitive damages. The decision of the Arbitrator will be conclusive and binding upon all parties and judgment upon the Arbitrator's decision may be entered in any court of competent jurisdiction. The parties agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. The parties further agree that, in connection with any such Arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed as described above will be forever barred.

W. Injunctive Relief. Notwithstanding anything to the contrary contained in this Section, Franchisor has the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, as permitted by Section 11(N).

X. Survival of Arbitration Provisions. The provisions of Sections 11(U) and 11(V) are intended to benefit and bind certain third party nonsignatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Y. Varying Standards. Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, in its sole and absolute discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards and Area Development Agreement provisions for any area developer or prospective area developer based upon the peculiarities of a particular site or circumstance, density of population, business potential, population or trade area, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of such area developer's business. Area Developer will not have the right to complain about a variation from standard specifications and practices granted to any

other area developer and will not be entitled to require Franchisor to grant Area Developer a like or similar variation.

Z. **Notices and Payments**. All written notices and reports permitted or required under this Agreement or by the Manual are given when personally delivered or deposited with the United States mail or with an overnight courier for delivery and will be deemed delivered at the time of delivery by hand, one (1) business day after sending by overnight courier and three (3) business days after placement in the United States mail. Notices delivered by United States mail shall be sent by Registered or Certified Mail, Return Receipt Requested, postage prepaid. Notices to Area Developer shall be deemed properly addressed if addressed to the address of the Restaurant. Any required payment or report which Franchisor does not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before it is due) will be deemed delinquent.

AA. **Ownership of Area Developer**. Area Developer warrants and represents that **Exhibit A** attached hereto is a complete and accurate statement of any and all persons or entities who have an ownership interest, either directly or indirectly, legally or equitably, in Area Developer and the nature and extent of such ownership interest.

BB. **Guaranty and Assumption of Obligations**. This Agreement shall be personally guaranteed by all owners of Area Developer if Area Developer is a corporation or other legal entity, or all partners of Area Developer if Area Developer is a partnership. Concurrent with the execution of this Agreement, all such owners or partners shall execute an Owners' and Guarantors' Undertaking in the form of **Exhibit B** attached hereto.

CC. **Acknowledgments, Representations and Covenants**.

(1) Area Developer acknowledges that it received Franchisor's Franchise Disclosure Document at least fourteen (14) days prior to the payment of the Development Fee and/or its execution of this Agreement, that it received a copy of this Agreement with all material blanks filled in at least seven (7) days prior to the execution of this Agreement, and that it understands and accepts the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at all and thereby to protect and preserve the goodwill of the Marks and the System.

(2) Area Developer acknowledges that it has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted by Area Developer may evolve and change over time, that an investment in a Giordano's® Restaurant Franchise involves business risks and that the success of the venture is largely dependent upon the business abilities and efforts of Area Developer.

(3) Neither Franchisor's sales personnel nor any employee or officer of Franchisor is authorized to make any claims or statements as to the earnings, sales or profits or prospects or chances of success of any Franchise. Franchisor specifically instructs its sales personnel, agents, employees and officers that they are not permitted to make such claims or statements as to the earnings, sales or profits or the prospects or chances of success, nor are they authorized to

represent or estimate dollar figures as to a Giordano's® Restaurant Franchise. Franchisor recommends that applicants for Giordano's® Restaurant Franchises make their own investigations and determine whether or not a Giordano's® Restaurant Franchise is profitable. Franchisor recommends that each applicant for a Giordano's® Restaurant Franchise consult with an attorney of its choosing and further be represented by legal counsel at the time of its closing.

(4) If Area Developer is a legal entity, Area Developer (1) represents that it is duly organized and validly existing in good standing under the laws of the jurisdiction of its organization, is qualified to do business in all jurisdictions in which its business activities or the nature of properties owned by Area Developer requires such qualification, and has the authority to execute, deliver and carry out all the terms of this Agreement; and (2) agrees and warrants that all certificates representing ownership interests in Area Developer now outstanding or hereafter issued will be endorsed with a legend in form approved by Franchisor reciting that the transfer of ownership is subject to restrictions contained in this Agreement. Area Developer further represents and warrants that all owners of Area Developer and their interests therein are completely and accurately listed in **Exhibit A** of this Agreement and that Area Developer will execute such revised **Exhibit A** as may be necessary during the term of this Agreement to reflect any changes in the information contained therein.

(5) FRANCHISOR HAS MADE NO REPRESENTATION OR WARRANTY THAT IT WILL REPURCHASE THE BUSINESS FROM AREA DEVELOPER OR IN ANY OTHER WAY PROTECT AREA DEVELOPER FROM THE LOSS OF ANY MONIES PAID IN CONNECTION WITH OR PURSUANT TO THIS AGREEMENT AND THE FRANCHISE BUSINESS. AREA DEVELOPER HAS BEEN INFORMED AND ACKNOWLEDGES ITS UNDERSTANDING OF THE FACT THAT, BECAUSE OF THE HIGHLY COMPETITIVE NATURE OF THE BUSINESS INVOLVED, SUCCESSFUL OPERATIONS OF THE FRANCHISE WILL DEPEND UPON ITS BEST EFFORTS, CAPABILITIES, MANAGEMENT, AND EFFICIENT OPERATION OF THE FRANCHISE BUSINESS, AS WELL AS THE GENERAL ECONOMIC TRENDS AND OTHER LOCAL MARKETING CONDITIONS.

12. GOVERNING LAW; STATE MODIFICATIONS

A. Governing Law; Severability. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051, et seq.) and the Federal Arbitration Act, this Agreement and the relationship between Franchisor and Area Developer will be governed by the laws of the state in which the Development Area is located. If the Development Area includes more than one state, this Agreement will be governed by the laws of the state in which the first Restaurant is located. The provisions of this Agreement which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this Agreement will be enforceable as originally made and entered into upon the execution of this Agreement by Area Developer and Franchisor.

B. Applicable State Laws. If applicable, the following states have statutes which may supersede the provisions of this Agreement in Area Developer's relationship with Franchisor in the areas of termination and renewal of the Franchise: Arkansas [Stat. Section 70-

807], California [Bus. & Prof. Code Sections 20000-20043], Connecticut [Gen. Stat. Section 42-133e et seq.], Delaware [Code Section 2552], Hawaii [Rev. Stat. Section 482E-1], Illinois [815 ILCS 705/19-20], Indiana [Stat. Section 23-2-2.7], Michigan [Stat. Section 19.854(27)], Minnesota [Stat. Section 80C.14], Mississippi [Code Section 75-24-51], Missouri [Stat. Section 407.400], Nebraska [Rev. Stat. Section 87-401], New Jersey [Stat. Section 56:10-1], Virginia [Code 13.1-557-574-13.1-564], Washington [Code Section 19.100.180], and Wisconsin [Stat. Section 135.03]. These and other states may have court decisions that may supersede the provisions of this Agreement in Area Developer's relationship with Franchisor in the areas of termination and renewal of the Franchise.

C. State Law Modifications. If the laws of any state below are applicable to this Agreement, then the designated provisions of this Agreement will be amended and revised as follows:

(1) **California**. If this Agreement is governed by the laws of the State of California, then: (a) the covenant not to compete upon termination or expiration of this Agreement contained in Section 9(B) of this Agreement may be unenforceable, except in certain circumstances provided by law; and (b) provisions of this Agreement giving Franchisor the right to terminate in the event of Area Developer's bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. §, et seq.).

(2) **Illinois**. If this Agreement is governed by the laws of the State of Illinois, then: (a) the Illinois Franchise Disclosure Act of 1987 [815 ILCS 705/1-44] (the "**Illinois Act**") and Illinois law will be applicable to this Agreement; (b) Section 19 of the Illinois Act will be applicable to the termination of this Agreement by Franchisor; (c) any provision of this Agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that this Agreement may provide for arbitration in a forum outside of Illinois; (d) Section 27 of the Illinois Act will be applicable to any action maintained by Area Developer to enforce any liability created by the Illinois Act; (e) any representations made by Franchisor in the Franchise Disclosure Document provided to Area Developer will remain valid and enforceable by Area Developer after the execution of this Agreement; (f) any condition, stipulation or provision of this Agreement requiring Area Developer to waive compliance with any provision of the Illinois Act is void; and (g) the acknowledgments made by Area Developer in this Agreement will not be construed to act as a release, estoppel or waiver of Area Developer's rights under the Illinois Act.

(3) **Minnesota**. If this Agreement is governed by the laws of the State of Minnesota, then: (a) except in certain circumstances provided by Minnesota law, if Franchisor gives Area Developer written notice that Area Developer has breached this Agreement, such written notice will be given to Area Developer at least ninety (90) days prior to the date this Agreement is terminated by Franchisor, and Area Developer will have sixty (60) days after such written notice within which to correct the breach specified in the written notice; (b) notwithstanding any provisions of this Agreement to the contrary, a court of competent jurisdiction will determine whether Franchisor will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by Franchisor against Area Developer or the owners; and (c) notwithstanding any provisions of this Agreement to the contrary, Area Developer will have up to three (3) years after the cause of action accrues to bring an action against Franchisor pursuant to Minn. Stat. §80C.17.

(4) **New York**. If this Agreement is governed by the laws of the State of New York, then all rights enjoyed by Area Developer and any cause of action arising in its favor from the laws of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this provision that the nonwaiver requirements of General Business Law §687.4 and §687.5 be satisfied.

(5) **Washington**. If this Agreement is governed by the laws of the State of Washington, then: (a) in the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "**Washington Act**"), will prevail; (b) if applicable, the arbitration site will be either in Washington, a place mutually agreed upon at the time of the arbitration, or as determined by the Arbitrator; (c) a release or waiver of rights executed by Area Developer will not include rights under the Washington Act, except when executed pursuant to a negotiated settlement after this Agreement is in effect and where the parties are represented by independent counsel; (d) any provision of this Agreement which unreasonably restricts or limits the statute of limitations period for claims under the Washington Act, rights or remedies under the Washington Act, such as a right to a jury trial, may not be enforceable; and (e) the Assignment Fee is collectable by Franchisor to the extent that it reflects Franchisor's reasonable estimated or actual costs in effecting the assignment.

(6) **Wisconsin**. If this Agreement is governed by the laws of the State of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of this Agreement.

(7) If the Development Area includes more than one of the states indicated above in this Section 12(C), then this Agreement will be governed by the laws of the state in which the first Restaurant in located.

13. DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions:

A. Franchise Agreement. "**Franchise Agreement**" will mean Franchisor's then-current standard Franchise Agreement.

B. Terms Defined in Franchise Agreement. Capitalized terms used but not defined in this Agreement will, if defined in the Franchise Agreement, have the meanings ascribed to such terms in the Franchise Agreement.

[the balance of this page is blank; signature pages follow]

IN WITNESS WHEREOF, Franchisor, Area Developer and Area Developer's owners have respectively signed this Agreement effective as of the date set forth above.

FRANCHISOR: **VPC PIZZA FRANCHISE, LLC**

DATED:_____ BY: _____

ATTEST:_____ TITLE: _____

AREA DEVELOPER: _____

DATED:_____ BY: _____

ATTEST:_____ TITLE: _____

DATED: _____ _____
Individually

DATED: _____ _____
Individually

DATED: _____ _____
Individually

DATED: _____ _____
Individually

EXHIBIT A

OWNERSHIP OF AREA DEVELOPER

This form must be completed by Area Developer ("**I**," "**me**," or "**my**") if I have multiple owners or if I, or my development business, is owned by an entity (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to me.

1. **Form of Owner**. I am a (check one):

(a) General Partnership ☐
(b) Corporation ☐
(c) Limited Partnership ☐
(d) Limited Liability Company ☐
(e) Other ☐
Specify: _____

I was formed under the laws of _____.
(state)

2. **Business Entity**. I was incorporated or formed on _____, 20___, under the laws of the State of _____. I have not conducted business under any name other than my corporate, limited liability company or partnership name and the name _____. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person	**Position(s) Held**
_____	_____
_____	_____
_____	_____
_____	_____

3. **Owners**. The following list includes the full name and mailing address of each person who is one of my owners and fully describes the nature of each owner's interest (attach additional sheets if necessary).

Owner's Name and Address	Description of Interest	% of Ownership

4. **Management**. As required pursuant to Section 5(G) of the Area Development Agreement, the following Owner shall exert full-time efforts to the fulfillment of the obligations

of Area Developer under the Area Development Agreement as the Franchise Manager, and shall have supervisory responsibilities in connection with the operation of Area Developer's Restaurant business pursuant thereto:

Name: _____

5. **Governing Documents**. I agree to provide copies of any and all documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.) to Franchisor upon request.

This Owners' Statement is current and complete as of _____, 20__.

OWNERS

INDIVIDUALS:

_____
Signature

_____
Print Name

_____
Signature

_____
Print Name

_____
Signature

_____
Print Name

_____
Signature

_____
Print Name

_____
Signature

_____
Print Name

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

_____

By: _____

Title: _____

EXHIBIT B

OWNERS' AND GUARANTORS' UNDERTAKING

THIS UNDERTAKING is made and entered into this _____ day of _____, 20__, by the undersigned (collectively, "**GUARANTOR**") for and in consideration of VPC Pizza Franchise, LLC, a Delaware limited liability company ("**FRANCHISOR**") agreeing to enter into an Area Development Agreement, dated _____ , 20___ (the "**Area Development Agreement**") with _____ ("**AREA DEVELOPER**") for the development and operation of Giordano's® Restaurants in the Development Area.

GUARANTOR acknowledges and agrees that FRANCHISOR entered into the Area Development Agreement with AREA DEVELOPER solely on the condition that GUARANTOR be personally obligated and jointly and severally liable with AREA DEVELOPER and all other GUARANTORS for the performance of each and every obligation of AREA DEVELOPER and AREA DEVELOPER'S Owners under the Area Development Agreement, any amendments or modifications to the Area Development Agreement, as assignments and all ancillary agreements that have been or hereafter may be entered into by AREA DEVELOPER and FRANCHISOR (all such agreements are collectively referred to as the "**Development Agreements**").

In consideration of and as an inducement to the execution of the Area Development Agreement by FRANCHISOR, GUARANTOR hereby personally and unconditionally: (1) represents, warrants and guarantees to FRANCHISOR and its successors and assigns, that AREA DEVELOPER shall punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Development Agreements; and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Area Development Agreement, and each and every provision of the Development Agreements, as if GUARANTOR were AREA DEVELOPER thereunder.

GUARANTOR waives: (1) acceptance and notice of acceptance by FRANCHISOR or its affiliates of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he or she may have to require that an action be brought against AREA DEVELOPER or any other person as a condition of liability; and (5) all rights to payments and claims for reimbursement or subrogation which GUARANTOR may have against AREA DEVELOPER arising as a result of GUARANTOR'S execution of and performance under this Undertaking; and (6) any and all other notices and legal or equitable to which he or she may be entitled.

GUARANTOR hereby consents and agrees that: (1) GUARANTOR'S direct and immediate liability under this Undertaking shall be joint and several with AREA DEVELOPER and any other GUARANTORS of the obligations under the Development Agreements; (2) GUARANTOR shall render any payment or performance required under the Area Development Agreement or any other Development Agreement upon demand if AREA DEVELOPER shall fail or refuse punctually to do so; (3) GUARANTOR'S liability shall not be contingent or conditioned upon pursuit by FRANCHISOR or its affiliates of any remedies against AREA DEVELOPER or any other person; (4) this Undertaking shall continue in full force and effect with respect to any extension of or modification or amendment to the Area Development Agreement or any Development Agreement, notwithstanding the transfer of any interest in the Area Development Agreement by the undersigned, and GUARANTOR waives notice of any and all such extensions, modifications, amendments or transfers; (5) GUARANTOR'S breach of any provision of this Undertaking shall also constitute a breach of the Area Development Agreement and, as applicable, the Development Agreements, and (6) GUARANTOR'S liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which FRANCHISOR

or its affiliates may from time to time grant to AREA DEVELOPER or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, or the taking of any action by FRANCHISOR which may have the effect of revoking the obligations of any GUARANTOR, none of which shall in any way modify or amend this Undertaking, which shall be continuing and irrevocable during the term of the Area Development Agreement and so long as any performance is or may be owed under any of the Development Agreements by AREA DEVELOPER or its Owners and so long as FRANCHISOR may have any cause of action against AREA DEVELOPER or its Owners.

If FRANCHISOR or GUARANTOR is required to enforce this Undertaking in a judicial or other proceeding, the party prevailing in the proceeding shall be reimbursed by the other party for its costs and expenses including, without limitation, accountants', attorneys', attorneys assistants', arbitrators' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If FRANCHISOR is required to engage legal counsel in connection with any failure by GUARANTOR to comply with this Undertaking, GUARANTOR shall reimburse FRANCHISOR for any of the above-listed costs and expenses incurred by it.

GUARANTOR agrees that it shall and FRANCHISOR may institute any action arising out of or relating to this Undertaking in any state or federal court of general jurisdiction in Cook County, Illinois. GUARANTOR irrevocably submits to the jurisdiction of such courts and waives any objection it may have to either the jurisdiction or venue of such court.

This Undertaking will be governed by the laws of the state in which the Development Area is located. The provisions of this Undertaking which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this Undertaking will be enforceable as originally made and entered into upon the execution of this Undertaking by GUARANTOR.

For purposes of this Undertaking: (1) "**Owner**" shall mean any person, partnership, corporation or other entity holding any interest in the Franchise; (2) the term "**GUARANTOR**" is applicable to one or more persons, a corporation or a partnership, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed its signature, under seal, on the same day and year as the Agreement was executed.

[signatures on next page]

PERCENTAGE OF OWNERSHIP	GUARANTOR(S)
_____%	_____
	Print Name: _____
_____%	_____
	Print Name: _____
_____%	_____
	Print Name: _____
_____%	_____
100%	Print Name: _____

ADDENDUM TO
VPC PIZZA FRANCHISE, LLC
AREA DEVELOPMENT AGREEMENT
FOR THE STATE OF WASHINGTON

THIS ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT (this "**Addendum**") is made, entered into and effective this _____ day of _____, 20____ by and between VPC Pizza Franchise, LLC ("**Franchisor**") and _____ ("**Area Developer**") to amend and revise certain provisions of the Area Development Agreement between Franchisor and Area Developer, dated the same date as this Addendum, as follows:

1. Article 3(A) of the Area Development Agreement is hereby deleted in its entirety and replaced with the following provision:

> **Development Fee**. On the date Area Developer commences business at the first Restaurant in the Development Area, Area Developer will pay Franchisor a Development Fee in an amount equal to Twenty Thousand Dollars ($20,000) multiplied by the total number of Giordano's® Restaurants that Area Developer is required to open and operate in the Development Area pursuant to the Development Schedule set forth in Section 4(A) of this Agreement; $_____ (the "**Development Fee**"). The Development Fee will be nonrefundable and will be fully earned by Franchisor when the Development Fee is paid by Area Developer. The Development Fee is payment to Franchisor for granting Area Developer the rights, as set forth in this Agreement, to develop Giordano's® Restaurants in the Development Area.

2. Article 3(B) of the Area Development Agreement is hereby deleted in its entirety and replaced with the following provision:

> **Initial Fees**. In addition to the Development Fee, Area Developer will pay Franchisor a nonrefundable Initial Franchise Fee for each Restaurant that Area Developer is required to open and operate in the Development Area pursuant to the Development Schedule set forth in Section 4(A) of this Agreement. The amount of the Initial Franchise Fee payable by Area Developer for each Restaurant will be the Initial Franchise Fee as required in each then-current standard Franchise Agreement executed in accordance with the Development Schedule, less Twenty Thousand Dollars ($20,000). The Initial Franchise Fee for the first Restaurant developed by Area Developer (or a Controlled Entity) in the Development Area shall be paid to Franchisor in full, by cashier's or certified check (or other form of payment reasonably acceptable to Franchisor) on the date Area Developer (or a Controlled Entity) commences business at the Restaurant. The Initial Franchise Fee paid for each subsequent Restaurant developed by Area Developer (or a Controlled Entity) in the Development Area shall be paid on the date required by the terms of each then-current standard Franchise Agreement executed in accordance with the Development Schedule.

3. Article 3(C) of the Area Development Agreement is hereby deleted in its entirety and replaced with the following provision:

Payment of Initial Fees. Area Developer will pay Franchisor the Initial Franchise Fee set forth in Section 3(B) of this Agreement on the date required by the terms of each then-current standard Franchise Agreement executed for each Restaurant required to be opened and operated in the Development Area pursuant to this Agreement. Area Developer must execute a Franchise Agreement for its first Restaurant on the date Area Developer executes this Agreement. Area Developer will not purchase or lease the property for the proposed site for the Giordano's® Restaurant location until Area Developer has signed a Franchise Agreement with Franchisor and complied with the applicable provisions of the Franchise Agreement relating to the selection of the site for the Giordano's® Restaurant location. The Initial Franchise Fee for the first Restaurant developed by Area Developer (or a Controlled Entity) in the Development Area shall be paid to Franchisor in full on the date Area Developer (or a Controlled Entity) commences business at the Restaurant.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum will govern. All other terms and conditions of the Area Development Agreement will remain the same.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it will be effective as of the date first above written.

VPC PIZZA FRANCHISE, LLC

_____
Name of Area Developer

By_____ By_____

Its_____ Its_____

EXHIBIT C

VPC PIZZA FRANCHISE, LLC

FINANCIAL STATEMENTS

VPC Pizza Franchise, LLC

Financial Statements
Years Ended January 2, 2017,
December 28, 2015, and December 29, 2014

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

VPC Pizza Franchise, LLC

Financial Statements
Years Ended January 2, 2017,
December 28, 2015, and December 29, 2014

VPC Pizza Franchise, LLC

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Independent Auditor's Report

To the Member
VPC Pizza Franchise, LLC
Chicago, Illinois

We have audited the accompanying financial statements of VPC Pizza Franchise, LLC, which comprise the balance sheets as of January 2, 2017, December 28, 2015, and December 29, 2014, and the related statements of operations and changes in member's capital (deficit), and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VPC Pizza Franchise, LLC as of January 2, 2017, December 28, 2015, and December 29, 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

April 5, 2017

Financial Statements

VPC Pizza Franchise, LLC

Balance Sheets

	January 2, 2017	December 28, 2015	December 29, 2014
Assets			
Current Assets			
Cash	$ **1,028,179**	$ 1,750,844	$ 617,068
Royalty receivables	**314,350**	239,178	242,480
Franchise fee receivable	**40,000**	40,000	-
Note receivable, net	**-**	1,575,976	-
Prepaid expenses	**-**	2,500	5,174
Total Current Assets	**1,382,529**	3,608,498	864,722
Other Assets			
Franchise rights, net	**5,723,790**	6,548,700	7,963,831
Total Other Assets	**5,723,790**	6,548,700	7,963,831
Total Assets	$ **7,106,319**	$ 10,157,198	$ 8,828,553
Liabilities and Member's Capital (Deficit)			
Current Liabilities			
Long-term debt, net of deferred financing costs - current	$ **297,231**	$ 187,492	$ -
Accounts payable - trade	**80**	250,371	416,937
Accrued liabilities	**62,705**	38,920	-
Deferred franchise fees	**140,000**	40,000	70,000
Total Current Liabilities	**500,016**	516,783	486,937
Long-Term Liabilities			
Deferred franchise fees	**40,000**	-	-
Long-term debt, net of current maturities and deferred financing costs	**5,885,232**	6,523,592	-
Related party note payable	**-**	-	9,381,972
Related party payable	**-**	-	355,444
Total Liabilities	**6,425,248**	7,040,375	10,224,353
Member's Capital (Deficit)	**681,071**	3,116,823	(1,395,800)
Total Liabilities and Member's Capital (Deficit)	$ **7,106,319**	$ 10,157,198	$ 8,828,553

See accompanying notes to financial statements.

VPC Pizza Franchise, LLC

Statements of Operations and Changes in Member's Capital (Deficit)

Year ended	**January 2, 2017**	December 28, 2015	December 29, 2014
Revenues			
Royalty fees	**$ 3,510,160**	$ 3,020,118	$ 2,924,101
Initial franchise fees	**80,000**	110,000	-
Total Revenues	**3,590,160**	3,130,118	2,924,101
Operating Expenses			
Selling, general and administrative expenses	**629,040**	701,926	505,363
Amortization	**824,910**	841,458	891,102
Loss on disposition of franchise rights	**-**	573,673	-
Legal settlement and related legal costs, net (Note 2)	**29,585**	(1,674,594)	1,797,446
Total Operating Expenses	**1,483,535**	442,463	3,193,911
Operating Income (Loss)	**2,106,625**	2,687,655	(269,810)
Other Income (Expense)			
Interest expense	**(321,602)**	(629,784)	(1,811,619)
Interest income	**12,982**	18,174	-
Loss on extinguishment of debt	**-**	(97,787)	-
Other Expense, net	**(308,620)**	(709,397)	(1,811,619)
Net Income (Loss)	**1,798,005**	1,978,258	(2,081,429)
Member's Capital (Deficit), beginning of year	**3,116,823**	(1,395,800)	219,185
Capital contributions	**1,266,243**	4,143,059	466,444
Distributions	**(5,500,000)**	(1,608,694)	-
Member's Capital (Deficit), end of year	**$ 681,071**	$ 3,116,823	$ (1,395,800)

See accompanying notes to financial statements.

VPC Pizza Franchise, LLC

Statements of Cash Flows

Year ended	**January 2, 2017**	December 28, 2015	December 29, 2014
Operating Activities			
Net income (loss)	**$ 1,798,005**	$ 1,978,258	$ (2,081,429)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Amortization of franchise rights	**824,910**	841,458	891,102
Accretion of discount on note receivable	**(12,982)**	(18,174)	
Noncash gain on legal settlement	**-**	(2,246,452)	-
Loss on extinguishment of debt	**-**	97,787	-
Loss on disposition of franchise rights	**-**	573,673	-
Amortization of deferred financing cost	**29,135**	36,482	78,987
(Increase) decrease in:			
Royalty receivables	**(75,172)**	3,302	13,756
Franchise fee receivable	**-**	(40,000)	30,000
Prepaid expenses	**2,500**	2,674	(5,174)
Increase (decrease) in:			
Accounts payable - trade	**(250,291)**	(166,566)	286,955
Accrued liabilities	**23,785**	38,920	-
Deferred franchise fees	**140,000**	(30,000)	40,000
Net cash provided by (used in) operating activities	**2,479,890**	1,071,362	(745,803)
Investing Activities			
Payments received on note receivable	**1,588,958**	-	-
Net cash provided by investing activities	**1,588,958**	-	-
Financing Activities			
Principal payments on related party notes payable	**-**	(6,574,606)	-
Payment of related party payable	**-**	(355,444)	-
Proceeds from long-term debt	**-**	6,832,264	-
Principal payments of long-term debt	**(172,969)**	-	-
Payment of financing costs	**-**	(143,550)	-
Contributions from member	**881,456**	1,223,794	466,444
Distributions to member	**(5,500,000)**	(920,044)	-
Net cash (used in) provided by financing activities	**(4,791,513)**	62,414	466,444
Net (Decrease) Increase in Cash	**(722,665)**	1,133,776	(279,359)
Cash, beginning of year	**1,750,844**	617,068	896,427
Cash, end of year	**$ 1,028,179**	$ 1,750,844	$ 617,068
Supplemental Disclosure of Cash Flow Information			
Cash paid during the year for interest	**$ 291,172**	$ 569,382	$ 1,732,632
Supplemental Disclosure of Non-Cash Investing Activities			
Legal settlement non-cash consideration (Note 2):			
Property and equipment	**$ -**	$ 688,650	$ -
Note receivable	**$ -**	$ 1,557,802	$ -
Supplemental Disclosure of Non-Cash Financing Activities			
Noncash contribution related to change in debt allocation from Parent (see Notes 6 and 9)	**$ 384,787**	$ 2,919,265	$ -
Noncash distribution to member related to property and equipment from legal settlement (see Note 2)	**$ -**	$ 688,650	$ -

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

Nature of Operations

VPC Pizza Franchise, LLC (the Company) is organized under applicable Delaware law as a Limited Liability Company (LLC). The Company franchises restaurants under the name "Giordano's", which is a pizza restaurant and fresh Italian food concept and is the franchisor for restaurants located in Illinois, Michigan, and Florida.

A schedule of franchised restaurants in operation is as follows:

Year ended:	**January 2, 2017**	December 28, 2015	December 29, 2014
Franchised restaurants at beginning of year	**32**	**31**	31
Restaurants opened	**2**	**3**	-
Restaurants assumed by Parent (Note 2)	**-**	**(2)**	-
Franchised restaurants at end of year	**34**	**32**	31

Formation

On November 22, 2011, the Company was formed as a wholly-owned subsidiary of VPC Pizza Operating Corp. (the Parent and the member). On November 30, 2011, the Parent purchased certain assets from Giordano's Enterprises, Inc. (GEI), an entity operating as a debtor-in-possession under Chapter 11 of the United States Bankruptcy Code. Effective concurrent with this business acquisition, the Parent contributed to the Company certain acquired assets relating to the acquired franchise.

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Reporting Period

The Company's fiscal year is the 52/53 week period ending on the Monday closest to December 31st. The fiscal year ending January 2, 2017 (2016) included 53 weeks. The fiscal years ending December 28, 2015 (2015) and December 29, 2014 (2014) included 52 weeks.

Note Receivable

The Company's note receivable consists of a note receivable from a former franchisee (see Note 3). The note receivable is carried at amortized cost, net of allowance for losses. Provisions for losses are charged to operations in amounts sufficient to maintain an allowance for losses at a level considered adequate to cover probable losses inherent in the Company's note receivable.

The allowance for losses is based on management's evaluation of the collectability of the note receivable, including the nature of the loan, credit concentrations, trends in historical loss experience, economic conditions and other risks inherent with the loan. Allowance for impaired note receivable is generally determined based on collateral values or the present value of estimated cash flows. If needed, the allowance is increased by a provision for losses, which is charged to expense, and reduced by charge-offs, net of recoveries. During 2016, the outstanding balance of the note was received.

Franchise Rights

Franchise rights are amortized over the remaining life of the franchise agreements as of the purchase date.

Impairment or Disposal of Intangibles and Long-Lived Assets

The Company assesses the recoverability of the recorded value of its long-lived assets, such as franchise rights, on an annual basis or whenever events or changes in business circumstances indicate the carrying amount of the asset may not be fully recoverable. The assessment of recoverability is based on management's estimate of undiscounted future operating cash flows of its long-lived assets. If the assessment indicated that the undiscounted operating cash flows do not exceed the net book value of the long-lived assets, then the difference between the net book value of the long-lived asset and the fair value of such assets is recorded as a charge against income in the statements of operations and member's equity.

The Company determined that no impairments had occurred during 2016, 2015 and 2014. In 2015, the Company incurred a loss on disposition of franchise rights of $573,673 related to the assumption of two franchise restaurants (see Note 2).

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1: Quoted prices for identical instruments in active markets.
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs or significant value drivers are observable.
- Level 3: Unobservable inputs used when little or no market data is available.

As of January 2, 2017 and December 28, 2015, the Company had no assets and liabilities measured at fair value on a recurring basis, except for an interest rate swap liability (which is a Level 2 liability), which was not material. As of December 29, 2014, the Company had no assets and liabilities measured at fair value on a recurring basis.

Deferred Financing Costs

Financing costs of $143,550, $143,550 and $355,444 for 2016, 2015, and 2014, respectively, related to debt financing are amortized over the term of the debt agreements, 4.5 years and 5 years, using the straight-line method, which approximated the effective interest method, and were recorded as a component of interest expense. Interest expense was $29,135, $36,482 and $78,987 for 2016, 2015, and 2014, respectively (see Notes 5 and 6).

Franchising

The Company generates revenues from franchising through individual franchise agreements and area development agreements. Franchise revenues are recognized in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 952, *Franchisors*, which requires deferral until substantial performance of franchisor obligations is complete. Typically, completion of substantial performance is deemed to be the date of the opening of the new restaurant. When a new franchise is sold, the Company agrees to provide certain services to the franchisee including initial training, new restaurant opening assistance, as well as other ongoing support and training. The Company recognized $80,000, $110,000, and $0 of initial franchise fee revenue during 2016, 2015, and 2014, respectively, as there were two new franchised locations in 2016, three new franchised locations in 2015, and none in 2014.

At the end of fiscal years 2016, 2015, and 2014, the Company had $180,000, $40,000, and $70,000, respectively, of deferred franchise fees and area development fees for restaurants that were expected to open in subsequent years. Subsequent to 2016, one new franchise location began operations and four more are expected to open in the coming years.

Incremental direct costs, such as commissions, are deferred and recognized when the related franchise fees are recognized. These deferred costs are included as a reduction of deferred revenue. As of 2016, 2015, and 2014, no such costs were incurred.

Area development fees are dependent upon the number of restaurants required to be opened in a designated territory, as are the Company's obligations under each area development agreement. Area development revenue is recognized proportionately as planned restaurants are opened or upon cancellation of the area development agreement by the Company due to a default as outlined in the agreement.

For new franchise restaurant openings, the Company's current franchise agreement requires the franchisee to pay an initial, non-refundable fee of $40,000 upon the signing of the agreement and continuing weekly royalty fees of up to 6% of gross sales. The initial term of the franchise agreement is generally ten years with two five-year renewal options subject to certain conditions. Royalty revenue from restaurant sales is recognized as earned by the Company on a daily basis.

Royalty receivables are comprised of amounts due from franchisees requiring payment within 15 days from the end of each month. The Company reports receivables at net realizable value. Management determines the allowance for doubtful accounts based on historical losses, current

expectations and economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account. The expense associated with the allowance for doubtful accounts is recognized as selling, general and administrative expense. For 2016, 2015 and 2014, the Company deemed all accounts collectible; therefore, no allowance is necessary.

Advertising Expenses

Advertising expenses are expensed as incurred. Total advertising expenses were $1,803, $1,336 and $0 for 2016, 2015, and 2014, respectively, which are included in selling, general and administrative expenses on the accompanying statement of operations and changes in member's capital (deficit).

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and a note receivable. The Company places its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally-insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits.

Interest Rate Swap

Cash payments related to interest rate swap agreements are included in cash flows from operating activities in order to match the classification of the interest payments they are intended to hedge. The Parent holds the swap and did not elect hedge accounting treatment. The portion of the interest rate swap that would be allocated to the Company is immaterial and therefore no portion was allocated to the Company.

Income Taxes

The Company, with the consent of its member, has elected to be formed as an LLC. The Company is considered a disregarded entity for federal and state income tax purposes. In lieu of paying taxes at the Company level, the earnings and losses are included in the tax returns of the member. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

The Company follows accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement.

For 2016, 2015, and 2014, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Additionally, the Company did not incur any interest and penalties related to income taxes.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Recently Adopted Accounting Pronouncements

In August 2014, the FASB issued Accounting Standards Update (ASU) 2014-15, *Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern. The guidance requires management to assess whether there are conditions or events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date the financial statements are issued. When management identifies such conditions or events, a footnote disclosure is required to disclose their nature, as well as management's plans to alleviate the substantial doubt to continue as a going concern. This standard is effective for annual periods ending after December 15, 2016 and for annual periods and interim periods thereafter. The Company adopted ASU No. 2014-15 on December 29, 2015 and is using this guidance to assess going concern.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

Events Occurring After Reporting Date

The Company has evaluated all events and transactions that occurred between January 2, 2017 and April 5, 2017, which is the date that the financial statements were available to be issued (see Note 6).

2. Legal Settlement

On March 4, 2015, the American Arbitration Association issued the Panel's Partial Final Award, in which the Panel ruled in favor of the Company on all claims regarding a dispute with a franchisee. As part of the ruling, two franchise agreements between the Company and the franchisee were terminated and the franchisee was ordered to reimburse the Company for its legal fees and other damages related to the dispute. On May 15, 2015, the Company entered into a settlement agreement with the franchisee. In the settlement, the franchisee agreed to transfer all of the assets of two Giordano's restaurants to the Company and entered into a promissory note (see Note 3) to reimburse the Company for legal fees and other damages incurred in connection with the dispute.

The Company has estimated and recorded the fair value of assets received at the date of settlement. The Company contemporaneously distributed these assets at the date of the settlement to the Parent of the Company.

The estimated fair values of restaurant assets received as of May 15, 2015 are as follows:

	Morton Grove	Evanston	Total
Leasehold Improvements	$ 17,100	$ 513,000	$ 530,100
Equipment	46,350	46,350	92,700
Furniture and fixtures	9,600	4,800	14,400
Computer equipment	23,600	20,650	44,250
Smallwares	3,600	3,600	7,200
Total assets received	$ 100,250	$ 588,400	$ 688,650

The Company determined that the fair value of the note receivable was $1,557,802. As such, and combined with the fair value of the restaurant assets and net of associated legal costs $484,552 and the write off of outstanding receivables from the former franchisee $87,306, the Company recorded a net legal settlement gain of $1,674,594.

Below is a summary of total legal settlement and related legal costs, net for the year ended December 28, 2015:

Fair value of assets obtained in settlement	**$ 688,650**
Net present value of note receivable (see Note 3)	**1,557,802**
Outstanding receivable write-off	**(87,306)**
Gain on settlement	**2,159,146**
Legal expense	**(484,552)**
Total legal settlement and related legal costs, net	**$ 1,674,594**

3. Note Receivable

As part of the settlement agreement dated May 15, 2015 (see Note 2), the Company received a promissory note from the former franchisee in the amount of $1,588,958 and a maturity date of May 15, 2016. The promissory note calls for interest to accrue at a rate of 2% per month with all principal and interest due on or before the maturity date. In the event that there are any defaults or the former franchisee does not pay $1,588,958 by the maturity date, then $1,000,000 of additional principal and all interest will become due. The promissory note is securitized with several real estate property investments of the former franchisee. The Company recorded the note receivable at its estimated fair value, which included the expectation that the note will be paid by May 15, 2016 and a 2% discount factor. The discount of $31,156 is being reflected as interest income over the term of the note. The full amount of the note receivable, less the discount, was received during 2016.

Amount due on May 15, 2016	**$ 1,588,958**
Fair value adjustment	**(31,156)**
Fair value basis	**1,557,802**
Accumulated amortization	**31,156**
Payment received in 2016	**(1,588,958)**
Ending balance	**$ -**

4. Franchise Rights

In 2011, the Parent contributed certain acquired franchise rights relating to the acquired franchise operations to the Company. The fair value of the franchise rights was estimated considering the present value of anticipated fees for each individual agreement. Amortization of the franchise rights is recorded each period based on the average lives of the franchise agreements acquired, which was determined to be 12 years.

Franchise rights consisted of the following as of:

	January 2, 2017	December 28, 2015	December 29, 2014
Franchise rights	**$ 9,914,913**	$ 9,914,913	$ 10,709,230
Less accumulated amortization	**4,191,123**	3,366,213	2,745,399
	$ 5,723,790	$ 6,548,700	$ 7,963,831

During 2016, 2015, and 2014, the Company recognized amortization expense of $824,910, $841,458 and $891,102, respectively. Estimated amortization expense of franchise rights for each of the five years subsequent to January 2, 2017 is approximately $824,900 each year.

On March 4, 2015, two franchise agreements were terminated as part of a ruling by the American Arbitration Association. As part of the settlement agreement dated May 15, 2015, the two restaurants associated with the terminated franchise agreements were obtained by the Company (see Note 2). The termination of the franchise agreements led to the reduction in the franchise right intangible asset by the proportional amount that each location contributed at the time of the original purchase of the Company net of the accumulated amortization. In total, the franchise right intangible asset was reduced by $573,673 during 2015.

5. Related Party Note Payable

On November 30, 2011, the Parent entered into a debt financing agreement with related parties for an aggregate of $27,937,726 in secured senior notes in order to fund the asset purchase from GEI (see Note 1). The related parties are affiliated with the majority stockholders of the Parent. The Company was a co-borrower on this debt financing agreement, along with the Parent and other wholly owned subsidiaries of Parent, which resulted in the Company being jointly and severally liable for the full amount of the obligation as described below.

On November 30, 2011, the Company recorded its proportionate share of the debt financing agreement totaling $8,886,093. The allocation of principal, interest, payments and costs under the debt financing agreement was based on the proportional share of assets acquired by the Company in the business combination between the Parent and GEI. The assets acquired by the Company were primarily made up of franchise rights. Interest was payable monthly in cash at the

greater of 12% or a bank's prime rate (3.25% at 2013) plus 6%. In addition, interest of 6% was payable in-kind through additions to the then outstanding principal balance of the note.

Commencing with the calendar month ending January 31, 2013, principal payments were due in monthly installments equal to 1.0% of the then outstanding aggregate principal balance of the note. The debt financing agreement was collateralized by substantially all assets of the Company, as well as substantially all business assets of the other related party co-borrowers named in the debt financing agreement and was subject to certain financial covenants. Mandatory prepayments were required if certain events occur as defined in the debt financing agreement.

Effective January 1, 2013, the Company entered into an amendment to the debt financing agreement. In accordance with the amendment, interest was payable in cash at the greater of 18% or a bank's prime rate plus 12%. In addition, payable in-kind interest of 6%, which was to be added to the then outstanding principal balance of the notes, was eliminated. Principal payments were no longer due monthly and a lump sum payment was due in full upon maturity of the note on June 30, 2016.

For 2014, the note payable balance, net of financing costs, was $9,381,972. The Company incurred interest expense of $375,008 and $1,732,632 for the years ended 2015 and 2014, respectively.

The note payable was repaid with proceeds from the third party credit agreement described below (see Note 6).

Bridge Loan

On January 20, 2015, the Parent entered into a debt financing agreement with related parties for an aggregate of $4,000,000 in junior secured term notes for the purpose of new store development and general working capital. The related parties are affiliated with the majority stockholders of the Parent. The Company was a co-borrower on this debt financing agreement, along with the Parent and other wholly owned subsidiaries of Parent, which results in the Company being jointly and severally liable for the full amount of the obligation as described below. The debt incurred interest payable in kind of 20% per annum.

These junior secured term notes were repaid with proceeds from the third party credit agreement described below (see Note 6).

On March 20, 2015, the total amount of the aforementioned principal outstanding, financing costs, and accrued interest were repaid with proceeds from the third party credit agreement described below (see Note 6). This resulted in a $97,787 loss on extinguishment of debt related to the unamortized financing costs during 2015.

6. Long-term Debt

2015 Refinancing

On March 20, 2015, the Parent secured a $51,000,000, 5-year term, credit facility with third party lenders consisting of a $38,500,000 term note with a $4,500,000 delayed draw feature and $8,000,000 of revolving credit facilities. Proceeds from the term note were used to refinance the related party secured senior note of $29,848,571 and its related accrued interest and financing costs along with the related party junior secured term note of $4,000,000. The remaining facility capacity will be used to fund the Parent's growth initiatives. The Company's evaluation of the 2015 refinancing concluded that the terms of the related party debt was extinguished (see Note 5).

The Company is a co-borrower under the new credit facility along with the Parent and other wholly owned subsidiaries of the Parent. Pursuant to accounting principles related to joint and several liabilities, as a co-borrower, the Company must record as its own liability the portion of the aggregate debt that it is expected to fund. That determination was based on an estimate of the Company's pro-rata fair value (as determined using 2015 EBITDA and an appropriate multiple) compared to the fair value of the consolidated Parent. Accordingly, of the initial $38,500,000 borrowings under the new credit facility, $6,832,264 was allocated to the Company. As the Company did not receive any cash proceeds, it recorded the change between this $6,832,264 (net of $143,550 of related deferred financing costs) and the $9,493,872 then-carrying value of the Company's proportional share of the balances outstanding under the previous debt agreement as a capital contribution by the Parent (see Note 9).

During 2016, the Company's pro-rata fair value (as determined using 2016 EBITDA and an appropriate multiple) was re-measured compared to the fair value of the consolidated Parent. Accordingly, a decrease of $384,787 was allocated to the Company for a total balance of $6,274,508 as of January 2, 2017. As the Company did not remit any cash payments, it recorded the change between in the Company's proportional share of the balance outstanding as a noncash capital contribution by the Parent (see Note 9).

Through January 2, 2017, no additional amounts were drawn by, nor paid by, the Parent, under the new credit facility.

Term Loan Commitment

Under the terms of the new credit facility, the Parent received $38,500,000 of funds in the form of a term loan. Additionally, the Parent had the option to borrow up to $4,500,000 of additional funds subject to certain restrictions. The delayed draw feature expired on March 20, 2016.

Under the new credit facility, interest on the term loan is payable on the last day of each applicable interest period at a variable interest rate of the then outstanding principal amount of all loans which is equal to either LIBOR or a base rate, plus an applicable margin (the interest rate was 3.63% at January 2, 2017). A fee is charged for the unused balance of the delayed draw

term loan and is payable quarterly at a rate of 0.5% per annum. The Parent is required to obtain interest rate protection on at least 50% of the principal amount of outstanding borrowings.

Mandatory principal payments are required to be paid quarterly in amounts between $240,625 and $481,250 under the following terms summarized in the table below. The remaining principal balance is due upon maturity on May 20, 2020. Mandatory prepayments are required if certain events occur as defined in the credit facility.

The credit facility is collateralized by substantially all business assets of the Parent and is subject to certain financial covenants, including a maximum net lease adjusted leverage ratio and a minimum fixed charge coverage ratio. At January 2, 2017 and December 28, 2015, the Parent and the Company were in compliance with these covenants.

Debt issuance costs represent legal, consulting, and financial costs associated with debt financing, which totaled $143,550 at January 2, 2017 and December 28, 2015.

The loan balance applicable to the Company as of January 2, 2017 and December 28, 2015, net of deferred financing costs, was $6,182,463 and $6,711,084, respectively. The Company incurred interest expense related to this long term debt of $292,467 and $218,294 for the years ended 2016 and 2015, respectively. As of January 2, 2017 and December 28, 2015, the Company had accrued interest of $25,215 and $23,920, respectively, included with accrued liabilities in the accompanying balance sheets.

The aggregate principal maturities of the credit facility, net of unamortized financing costs applicable to the Company, for the term of the debt subsequent to January 2, 2017 are as follows:

Fiscal year ending	Principal Payments	Financing Costs	Long-term debt, net
2017	$ 325,941	$ (28,710)	$ 297,231
2018	244,456	(28,710)	215,746
2019	325,941	(28,710)	297,231
2020	5,378,170	(5,915)	5,372,255
	$ 6,274,508	$ (92,045)	$ 6,182,463

Revolving Credit Facilities

Under the credit facility, the Parent has the ability to borrow up to $8,000,000 through revolving credit facilities. Interest on the outstanding balance of the revolving credit facilities and the delayed draw feature of $4,500,000 is payable on the last day of each applicable interest period at the same interest rate as the term loan. A fee is charged for the unused balance of the revolving credit facilities and delayed draw feature and is payable quarterly at a rate of 0.5% per annum. In December 2016, the Parent drew down $2,000,000 on the revolving

credit facility in order to maintain liquidity as the Parent completed the construction of two large restaurants and a major remodel of its flagship restaurant.

In February 2017, the Parent drew down $2,000,000 on the revolving credit facility to fund an equity transaction. The Parent expects to repay the outstanding balance of the revolving credit facility by the middle of fiscal year 2017.

Incremental Credit Facility

Furthermore, the Parent may borrow up to $10,000,000 of additional funds provided the Parent meets certain performance criteria and the lender consents to additional funding. No interest or fees will be charged unless the incremental credit facility is drawn upon.

Interest Rate Swap Agreements

As part of the credit agreement, the Parent is required to have 50% of the outstanding principal balance covered with either an interest rate swap or interest rate cap agreement. As of the end of 2016, the Parent had a notional value of $18,528,125 of principal covered under a three year fixed interest rate swap agreement at an interest rate of 1.47%, terminating on July 1, 2018. The fair value of this instrument was $111,014 and $198,976 as of January 2, 2017 and December 28, 2015, respectively.

7. Related Party Transactions

The Company utilizes certain employees and services and office space of its Parent for which the Company is charged its allocable share of the costs incurred by the Parent. Total costs incurred by the Company from the Parent amounted to $121,341, $111,908, and $347,734 in 2016, 2015, and 2014, respectively, and are included in selling, general and administrative expenses in the accompanying statements of operations and member's capital (deficit).

In order to support its franchises, the Company enters into certain transactions, such as intellectual property licensing, food product and recipe sourcing with other wholly owned subsidiaries of the Parent.

8. Contingencies

From time to time the Company is subject to lawsuits and other charges from customers and employees, which are typical within the industry. In the opinion of management, any open matters will not have a material effect upon the financial position of the Company.

During 2016, 2015, and 2014, the Company incurred $29,585, $484,552, and $1,797,446, respectively, of legal expense related to the enforcement of two franchise agreements. On March 4, 2015 the American Arbitration Association issued the Panel's Partial Final Award, in which the Panel ruled in favor of the Company on all claims regarding a dispute with a franchisee (see Note 2).

9. Member's Equity

Original membership contributions were made for 100% of the limited liability company interests as defined in the operating agreement. The Company's profits, losses and cash distributions are allocated to the member set forth in the operating agreement.

During 2016, 2015, and 2014, the Parent paid certain expenses on behalf of the Company and converted the underlying payable due to the Parent into a contribution to the Company in the amount of $881,456, $1,223,794, and $466,444, respectively. During 2016 and 2015, because the debt amount allocated is less than the previously allocated amount, the difference was deemed a noncash contribution of $384,787 and $2,919,265, respectively, by the Parent (see Note 6).

THE FOLLOWING FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

VPC PIZZA FRANCHISE, LLC
Management Statement of Income
Covering January 3, 2017 - July 3, 2017

Period ended	**Unaudited July 3, 2017**
Revenues	
Royalty fees	$ 1,686,207
Initial franchise fees	40,000
Total Revenues	**1,726,207**
Operating Expenses	
Selling, general and administrative expenses	174,179
Amortization	412,455
Los on disposition of franchise rights	-
Legal settlemetn and related legal costs, net (Note 2)	-
Total Operating Expenses	**586,634**
Operating Income (Loss)	**1,139,573**
Other Income (Expenses)	
Interest expense	150,938
Interest income	-
Loss on extinguisment of debt	-
Other Expense, net	**150,938**
Net Income (Loss)	988,635
Member's Capital (Deficit), beginning of year	681,071
Capital contributions	464,121
Distributions	(1,750,000)
Member's Capital (Deficit), end of year	**383,827**

VPC PIZZA FRANCHISE, LLC
Management Balance Sheet
Covering January 3, 2017 - July 3, 2017

		Unaudited July 3, 2017
Assets		
Current Assets		
Cash	$	1,088,744
Royalty receivables		298,674
Franchise Fee receivable		-
Note receivable, net		-
Prepaid expenses		-
Total Current Assets		**1,387,418**
Other Assets		
Franchise rights, net		5,311,335
Total Other Assets		**5,311,335**
Total Assets	**$**	**6,698,753**
Liabilities and Member's Capital (Deficit)		
Current Liabilities		
Long-term debt, net of deferred financing costs - current	$	346,500
Accounts payable - trade		-
Accrued liabilities		65,713
Deferred franchise fees		-
Total Current Liabilities		**412,213**
Long-Term Liabilities		
Deferred franchise fees		240,000
Long-term debt, net of deferred financing costs		5,662,713
Related party note payable		-
Related party payable		-
Total Liabilities		**6,314,926**
Member's Capital (Deficit)		383,827
Total Liabilities and Member's Capital (Deficit)	**$**	**6,698,753**

EXHIBIT D

VPC PIZZA FRANCHISE, LLC

FRANCHISEE APPROVED SUPPLIER AND DISTRIBUTOR ASSISTANCE AGREEMENT

FRANCHISEE APPROVED SUPPLIER AND DISTRIBUTOR ASSISTANCE AGREEMENT

Agreement between VPC Pizza Franchise, LLC ("**Franchisor**") and_____ ("**Franchisee**") pursuant to which Franchisee is authorized to assist Franchisor in approving suppliers and distributors of the products, materials, equipment and supplies used in the operation of a "Giordano's® Restaurant."

Whereas, Franchisee agrees to:

1. Represent Franchisor in negotiating and recommending new approved suppliers and distributors of products, materials, equipment and supplies for use by all Giordano's® Restaurant franchisees and Franchisor as a company.

2. Accurately and truthfully represent and state Franchisor policies in all negotiations with any potential and/or present approved suppliers and/or distributors.

3. Promptly inform Franchisor of any new supplier or distributor recommendations.

4. Act at all times in the best interest of Franchisor and its franchisees when negotiating and securing new approved suppliers.

5. Act at all times in compliance with the terms of the current Franchise Agreement.

6. Not to enter into any contract or agreement that will bind Franchisor in any manner without the express consent and approval of Franchisor.

7. Schedule any initial meetings and/or negotiations with Franchisor so that a Franchisor representative may be present.

8. Notify Franchisor in writing on a weekly basis as to the status of any negotiations they are involved in.

9. Provide Franchisor with 30 days notice should Franchisee intend to terminate this Agreement.

Whereas, Franchisor agrees to:

1. Oversee any and all Franchisee's negotiations with potential approved suppliers and distributors.

2. Participate in initial negotiations with potential approved suppliers and, if necessary any subsequent negotiations.

3. Provide final and binding approval or denial of any and all suppliers and distributors recommended by Franchisee.

Whereas:

1. This constitutes the entire agreement between the parties.

2. Franchisor may terminate this Agreement at any time with or without cause.

3. This Agreement will be automatically terminated should Franchisee be determined to be in violation of the Franchise Agreement.

Signed this ___ day of _____, 20____

VPC PIZZA FRANCHISE, LLC:	**FRANCHISEE:**
By:_____	By_____
Print Name:_____	Print Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

EXHIBIT E

VPC PIZZA FRANCHISE, LLC

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CONFIDENTIAL OPERATIONS MANUAL
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EXHIBIT F

VPC PIZZA FRANCHISE, LLC

LIST OF CURRENT FRANCHISEES

CURRENT FRANCHISEES
(As of January 2, 2017)

Franchisee	Restaurant Street Address Telephone Number	City	State / Zip Code
Colorado			
3G3 – LoDo, LLC* Michael Rane	TBD	Denver	Colorado
Florida			
Giordano's of Orlando, LLC Nick Apostolou	8766 W. Irlo Bronson Mem. Hwy. (407) 397-0044	Kissimmee	Florida 34747
Giordano's of Orlando, LLC Nick Apostolou	12151 S. Apopka Vineland Rd. (407) 239- 8900	Lake Buena Vista	Florida 32836
Sand Lake Pizzeria, LLC Hayssam Elkoussa	6203 W. Sand Lake Rd. Suite A-1 (407 377-0022	Orlando	Florida 32819
Illinois			
Langanes, LLC Dino Alexakos, Milton Alexakos John Nikolopolous	1323 West Lake Street (630) 458-0044	Addison	Illinois 60101
Randall Third, Inc. Athanassios Kourliouros	1505 South Randall Road (847) 854-0076	Algonquin	Illinois 60102
AIX Indigo, LLC** Aaron Uftring	2129 W. Belmont Ave #2E	Bloomington	Illinois 61704
Best in Town, Inc. Athanassios Kourliouros	270 North McHenry Road (847) 520-1600	Buffalo Grove	Illinois 60089
Stephano's Pizza on Sheridan, Inc. Stephanos Vaiopoulos	6836 North Sheridan Road (773) 262-1313	Chicago	Illinois 60626
Peter Skiouris	5927 West Irving Park Rd. (773) 736-5553	Chicago	Illinois 60634
JBA, Inc. Peter Skiouris	5309-11 South Blackstone (773) 947-0200	Chicago	Illinois 60615
Giordano's, LLC – Pulaski Pizza Series Louis Giannakopoulos	5159 S. Pulaski Street (773) 582-7676	Chicago	Illinois 60632
Giordano's Midair, LLC	5600 S. Cicero Avenue	Chicago	Illinois 60638
Giordano's, LLC – Midway Pizza Series Louis Giannakopoulos	6314 South Cicero (773) 585-6100	Chicago	Illinois 60638
Beverly Pizza, Inc. Joe Chojnowski	9613 South Western Ave. (773) 239-5000	Chicago	Illinois 60643

Franchisee	Restaurant Street Address Telephone Number	City	State / Zip Code
Pilsen Pizza, Inc. George Apostolou Basil Apostolou	1401 W. 18th Street (312) 265-0243	Chicago	Illinois 60608
781 North Milwaukee, LLC Paul Leongas	6709 N. Northwest Hwy. (312) 265-0243	Chicago	Illinois 60631
Lincolnwood Carryout, Inc.	6836 N. Sheridan Road	Chicago	Illinois 60626
Gourmet Food Concepts, Inc. Syed Hassan	1510 Market St. Metropolitan Squire (847) 520-1600	Des Plaines	Illinois 60016
CMJ, Inc. Constantinos Alexakos Milton Alexakos John Nikolopoulos	5115 Main Street (630) 435-5999	Downers Grove	Illinois 60515
Rambo's Pizza in Fox Lake, Inc. Ramiz Mareewa	1388 South Route 12 (847) 973-9506	Fox Lake	Illinois 60020
Peter Skiouris	455 Roosevelt Road (630) 790-1717	Glen Ellyn	Illinois 60137
Grand West, Inc. Athanassios Kourliouros	7105 Grand Avenue (847) 856-6100	Gurnee	Illinois 60031
Rambo's Pizza in Lake Zurich, Inc. Ramiz Mareewa	455 South Rand Road (847) 726-1500	Lake Zurich	Illinois 60047
Pizza in Minooka, Inc. Rafael Centeno Amy Centeno	2075 South Ridge Road (815) 521-1222	Minooka	Illinois 60447
Eat Pizza in Downtown Naperville, Inc. B. Allen Aynessazian Joe Locascio	119 S. Main St. (630) 428-2111	Naperville	Illinois 60540
Eat at Joe's II, Inc. Joseph LoCascio Allen Aynessazian	3224 South Route 59 Suite 120 (630) 904-7005	Naperville	Illinois 60564
Peter Skiouris	1115 Chicago Avenue (708) 386-2223	Oak Park	Illinois 60301
Cara Sales, Inc. Rafael and Amy Centeno	2344 South Route 59 (805) 609-5900	Plainfield	Illinois 60544
Cento's, Inc., Jose Centeno and Kimberly Centeno	333 Executive Parkway (815) 398-5700	Rockford	Illinois 61107
SKDD Pizza, Inc. Stanley Kondiles Dimitri Dimitropoulos	320 South Randall Road (847) 841-8700	South Elgin	Illinois 60177
America's Finest Pizza, Inc. Peter Kates	3641 Main Street (630) 762-1600	St. Charles	Illinois 60174
Cento's & Sons, Inc. Jose Centeno and Kimberly Centeno	1556 Buttitta Drive (630) 372-8600	Streamwood	Illinois 60107

Franchisee	Restaurant Street Address Telephone Number	City	State / Zip Code
For Love of Pizza, Inc. Jose Centeno Asencion Centeno	1840 Dekalb Avenue (815) 899-2999	Sycamore	Illinois 60178
Dimitri Dimitropoulos, Anthony Prokos, Stanley Kondiles	10410 West Cermak Road (708) 531-1122	Westchester	Illinois 60153
Indiana			
Schererville Pizza, LLC* Joseph Chojnowski	625 West US Highway 30	Schererville	Indiana 46375
Michigan			
GT Detroit Pizza, LLC* Paul Leongas	TBD	Detroit	Michigan
Holland Pizza, LLC Paul Leongas	333 West Shore Drive	Holland	Michigan 49424

* Not yet operational as of the end of the 2016 fiscal year.

** Franchise Agreements signed after the end of the 2016 fiscal year.

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

EXHIBIT G

VPC PIZZA FRANCHISE, LLC

LIST OF FORMER FRANCHISEES

FRANCHISEES WHO HAVE HAD AN OUTLET TERMINATED, CANCELED, NOT RENEWED OR OTHERWISE VOLUNTARILY OR INVOLUNTARILY CEASED TO DO BUSINESS DURING 2016 OR WHO HAVE NOT COMMUNICATED WITH FRANCHISOR WITHIN LAST 10 WEEKS

Giordano's O'Hare, LLC
1000 Bessie Coleman Drive
Chicago, Illinois 60666
Telephone Number: **[_____]**

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

EXHIBIT H

VPC PIZZA FRANCHISE, LLC

STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES AND
AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Business Oversight California Department of Business Oversight	320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7th Place East, Suite 500 St. Paul, MN 55101-2198
New York (State Administrator)	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section	120 Broadway, 23rd Floor New York, NY 10271-0332 212-416-8236 Phone 212-416-6042 Fax
New York (Agent)	Attention: New York Secretary of State New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703

EXHIBIT I

VPC PIZZA FRANCHISE, LLC

FRANCHISE COMPLIANCE CERTIFICATE

FRANCHISE COMPLIANCE CERTIFICATION

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. **Do not sign or date this Certification the same day as the Receipt for the Franchise Disclosure Document; you should sign and date this Certification the same day you sign the Franchise Agreement**. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Franchise Agreement, and each Addendum (if any) and related agreement (i.e., personal guaranty) attached to them?

   Yes _____ No _____

2. Did you receive the Franchise Agreement, and each related agreement, containing all material terms, at least 7 days before signing any binding agreement (other than any deposit agreement) with us or an affiliate?*

   Yes _____ No _____

   * This does not include changes to any agreement mutually agreed upon.

3. Do you understand all of the information contained in the Franchise Agreement, and each Addendum (if any) and related agreement provided to you?

   Yes _____ No _____

   If No, what parts of the Franchise Agreement, Addendum (if any) and/or related agreements do you not understand? (Attach additional pages, if necessary.)

   _____
   _____
   _____

4. Have you received and personally reviewed our Franchise Disclosure Document ("**FDD**") that was provided to you?

   Yes _____ No _____

5. Did you receive the FDD at least 14 days before signing the Franchise Agreement, this document or any related agreement, or before paying any funds to us or an affiliate?

   Yes _____ No _____

6. Did you sign a receipt for the FDD indicating the date you received it?

   Yes _____ No _____

7. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

   Yes _____ No _____

   If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary.)

   _____
   _____
   _____

8. Do you acknowledge and understand that no parent or affiliate of ours promises to back us financially or otherwise guarantees our performance or commits to perform post-sale obligations for us?

Yes _____ No _____

9. Have you discussed the benefits and risks of purchasing a Giordano's® Restaurant franchise with an attorney, accountant or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

10. Do you understand that the success or failure of your Giordano's® Restaurant franchise will depend in large part upon your skills and abilities, competition from other businesses, and other economic and business factors?

Yes _____ No _____

11. Has any employee or other person speaking on our behalf made any statement or promise concerning the actual or possible revenues or profits of a Giordano's® Restaurant franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

12. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Giordano's® Restaurant franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

13. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Giordano's® Restaurant franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

14. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

15. If you have answered "Yes" to any one of questions 11-14, please provide a full explanation of each "Yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

_____

_____

_____

16. Do you understand that the Franchise Agreement, Addendum (if any) and related agreements contain the entire agreement between you and us concerning the Giordano's® Restaurant franchise, meaning that any prior oral or written statements not set out in the Franchise Agreement, Addendum (if any) or related agreements will not be binding?

Yes _____ No _____

Nothing in this document or any related agreement is intended to disclaim the representations we made in the FDD that we furnished to you.

17. Do you understand that, except as provided in the FDD, nothing stated or promised by us that is not specifically set forth in the Franchise Agreement, Addendum (if any) and related agreements can be relied upon?

Yes _____ No _____

18. You signed the Franchise Agreement and Addendum (if any) and related agreements on _____, 20__, and acknowledge that no agreement or addendum is effective until signed and dated by us.

YOU UNDERSTAND THAT YOUR RESPONSES TO THESE QUESTIONS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS COMPLIANCE CERTIFICATION, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

The individuals signing below for the "**Franchisee Applicant**" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Franchisee Applicant, or constitute the duly authorized representatives or agents of the foregoing.

FRANCHISEE APPLICANT:

_____
Signature

_____
Printed Name

_____, 20___
Date

_____
Signature

_____
Printed Name

_____, 20___
Date

EXHIBIT J

VPC PIZZA FRANCHISE, LLC

SAMPLE RELEASE

VPC PIZZA FRANCHISE, LLC

SAMPLE RELEASE

Unless precluded by applicable state law, if you sell, assign or transfer your Franchise Agreement or Area Development Agreement to a third party, you will sign a joint and mutual release containing language substantially similar to the following:

This Joint and Mutual Release is made, entered into and effective this ____ day of _____, 20__, by and between VPC Pizza Franchise, LLC ("Franchisor") and _____ "Franchisee").

Franchisee entered into a Franchise/Area Development Agreement, dated _____, 20__ with Franchisor (the "Agreement") authorizing Franchisee to open and operate franchised Giordano's® Restaurant(s) at/in _____.

Franchisee desires to transfer, sell and assign the Agreement to a third party (the "Assignee").

Franchisor has agreed to consent to the transfer, sale and assignment of the Agreement by Franchisee to the Assignee, a condition of which is the execution of the following joint and mutual release by Franchisor and Franchisee:

1. Release of Franchisor by Franchisee. For and in consideration of the execution of this Joint and Mutual Release and the consent by Franchisor to the assignment of the Agreement to the Assignee, Franchisee and its affiliates hereby release and forever discharge Franchisor and its current and former affiliates and their respective past and present owners, officers, directors, executives, agents and employees, in their corporate and individual capacities, from any and all claims which Franchisee and its affiliates have had or now have or may in the future have against Franchisor and its current and former affiliates or any of them, for, upon or by reason of any matter, fact or thing whatsoever from the beginning of time through and including the date of this Joint and Mutual Release including, but not limited to, any alleged violations of the Federal Trade Commission's Trade Regulation Rule relating to Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, "mini" FTC laws, deceptive or unfair trade practices laws, franchise laws or securities laws, and all other local, municipal, state, federal or other laws, statutes, rules or regulations, and any alleged breaches or violations of the Agreement and/or any other agreements between Franchisee and its affiliates and any of them, and Franchisor and its affiliates and any of them; provided, however, that this provision will not apply to any claims specifically excluded by terms of this Joint and Mutual Release.

2. Release of Franchisee by Franchisor. For and in consideration of the execution of this Joint and Mutual Release and the consent by Franchisor to the assignment of the Agreement to the Assignee, Franchisor and its affiliates hereby release and forever discharge Franchisee and its affiliates and their respective past and present owners, officers, directors, executives, agents and employees, in their corporate and individual capacities, from any and all claims which Franchisor and its affiliates have had or now have against Franchisee and its affiliates for, upon or by reason of any matter, fact or thing whatsoever from the beginning of time through, up to

and including the date of this Joint and Mutual Release including, but not limited to, any local, municipal, state, federal or other laws, statutes, rules or regulations, and any alleged violations of the Agreement, and/or any other agreements between Franchisee and its affiliates and any of them, and Franchisor and its affiliates and any of them; provided, however, that this provision will not apply to any claims specifically excluded by terms of this Joint and Mutual Release.

"Franchisee"	"Franchisor"
_____	VPC PIZZA FRANCHISE, LLC
By_____	By_____
Its_____	Its_____

The above language may be modified or supplemented to address issues specific to the transfer of your Franchise Agreement or Area Development Agreement to a third party, or to comply with applicable law (see Addendum to the Franchise Disclosure Document).

EXHIBIT K

VPC PIZZA FRANCHISE, LLC

RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and Area Development Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Iowa and New York require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit H to this Disclosure Document).

The Franchisor is VPC Pizza Franchise, LLC, located at 444 N. Michigan Avenue, Suite 1110, Chicago, Illinois 60611. Its telephone number is (312) 701-1777.

We authorize the respective state agencies identified on Exhibit H to receive service of process for us in the particular state.

Issuance Date: October 26, 2017

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

Name	Principal Business Address	Telephone Number
Brent Johnson	444 N. Michigan Ave., Suite 1110, Chicago, Illinois 60611	(312) 589-3213

I received a Disclosure Document, dated October 26, 2017 (the state effective dates are listed on the pages preceding the Table of Contents for the Disclosure Document). The Disclosure Document included the following Exhibits:

Addenda for State Modifications
EXHIBIT A Franchise Agreement (with Exhibits and, if applicable, State-Specific Addenda)
EXHIBIT B Area Development Agreement (with Exhibits and, if applicable, State-Specific Addenda)
EXHIBIT C Financial Statements
EXHIBIT D Franchisee Approved Supplier and Distributor Assistance Agreement
EXHIBIT E Manual Table of Contents
EXHIBIT F List of Current Franchisees
EXHIBIT G List of Former Franchisees
EXHIBIT H State Agencies and Agents for Service of Process
EXHIBIT I Franchise Compliance Certification
EXHIBIT J Sample Release
EXHIBIT K Receipts

_____ _____
Date Signature of Prospective Franchisee

_____
Print Name

[Prospective Franchisee's Copy]

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If we offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Iowa and New York require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

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The Franchisor is VPC Pizza Franchise, LLC, located at 444 N. Michigan Avenue, Suite 1110, Chicago, Illinois 60611. Its telephone number is (312) 701-1777.

We authorize the respective state agencies identified on Exhibit H to receive service of process for us if we are registered in the particular state.

Issuance Date: October 26, 2017

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

Name	Principal Business Address	Telephone Number
Brent Johnson	444 N. Michigan Ave., Suite 1110, Chicago, Illinois 60611	(312) 589-3213

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EXHIBIT K Receipts

_____ _____
Date Signature of Prospective Franchisee

_____
Print Name

Return this Copy of the Receipt to:
VPC Pizza Franchise, LLC
444 N. Michigan Ave., Suite 1110, Chicago, IL 60611
Attn: _____